

**AIRWAYS PENSION SCHEME  
RULES : PART VI**

**- as at -**

**1 APRIL 2008**

**Note:** This document consists of the provisions of Part VI of the Rules of the Airways Pension Scheme as amended to 1 April 2008. Where necessary for the purposes of determining the applicability of current or earlier provisions to or in respect of individual Members or Pensioners, reference should be made to the relevant supplemental deed which introduced the relevant provision or which modified an existing provision as the case may be. Certain typographical errors in earlier amending texts have been corrected in this consolidation. Where appropriate the numbering or other designation of certain provisions has been amended to achieve consistency. This document is a working copy which has not been formally adopted by deed.

## **APS - PART VI**

The core Rules in this Part were originally adopted by supplemental deed dated 16 July 1973. Details of membership eligibility are set out in Rules 2 and 3. This Part (being the last "open" part of APS) was closed to new entrants with effect from 1 April 1984: see Rule 2(d).

All sections are reprinted here with all subsequent amendments. The amendments were introduced with varying effective dates. Reference should be made to the relevant amending deeds for verification of the date from which any particular section of text originally took effect (and likewise for earlier versions of the text which may have been subsequently deleted or superseded).

The amendments made to Part VI of the Rules by the Supplemental Deed (Finance Act 2004 and age discrimination) dated 10th January 2008, the Supplemental Deed (Salary sacrifice and other changes) dated 10 January 2008 and the Supplemental Deed (Legislative references) dated 26th March 2008 shall apply (modified to the extent the context requires) to the corresponding provisions of Parts I to V of the Rules.

## CONTENTS OF PART VI OF THE RULES

<b>Rule</b>	<b>Page</b>
1. Definitions	5
2. Membership	8
2A. Salary Sacrifice	9
3. Admission to the Scheme	9
4. Normal Retirement Age	11
5. Contributions	11
6. Pay for Contribution Purposes and Pay for Pension Purposes	15
7. Statutory Requirements	16
8. Normal pension	16
8A. Special Provisions applicable where staying in service with an Employer after Normal Retirement Age	16
9. Dependant's pension	17
10. Adult survivors' pensions	18
11. Dependent Child's allowance	22
12. Ill-health pension	24
13. Deferred pension	26
13A. Pension augmentation at early retirement	28
13B. Level pension option	29
14. Commutation of pension	29
15. Adjustment of pensions and allowances	30
16. Refund of contributions	31
17. Change in occupation or Employer	32
18. Entitlement to and payment of pensions benefits and allowances	32
19. Death benefit	33
20. Transitional provisions	34
20A. Special conditions - Cambrian Northeast and subsidiaries	38
20B. Special conditions for Part-time Service and Members in irregular Service	39
20C. Special Rule - Members withdrawing between 5 April 1978 and 6 April 1980	40
21. Notices to the Secretary	41
22. Application of lump sum death benefit	41
22A. Benefits non-assignable	43
23. No Member to retire from the Scheme	43
24. Requirements of insurers	43
25. Meetings of Members	43
26. Taxation	45
27. Savings	45
28. Transfers to and from other schemes	45
29. Availability of copies of Trust Deed and Rules	45
30. Amendments and additions to Rules	45
31. National Insurance Act 1965	46
32. Additional voluntary contributions	47
32A. Reference scheme requirements	48

33.	Guaranteed minimum pensions	49
34.	Discretionary benefits	55
35.	Opting-out	56

## PART VI RULES

### 1. Definitions

The following expressions have the following meanings unless inconsistent with the context -

**“Actuarial Equivalent”** means such amount as the Actuary shall certify as being appropriate.

**“Actuary”** means the Actuary from time to time appointed as the Actuary of the Scheme under Clause 8 of the Trust Deed.

**“Air Accident”** means an accident occurring to a Member while embarking on or disembarking from an aircraft in connection with a flight therein or while on board an aircraft during a flight between the time of embarkation and the time of disembarkation.

**“Air Cabin Crew”** means subject to Rule 20(h), employees of an Employer who are employed under contracts of employment entered into within the United Kingdom to serve as air cabin crew either as full-time employees or who for the purpose of the Scheme are designated by the Employer as employed in Part-time Service.

**“Appropriate Policy”** means an appropriate policy of insurance for the purposes of section 19 of the Pension Schemes Act 1993.

**“Approved Insurance Company”** means an insurance company within the meaning of section 275 of the Finance Act.

**“Certified Amount”** means the amount calculated by the Management Trustees in accordance with section 61(2) of the Pension Schemes Act 1993 to be the difference between-

- (i) the amount of Class 1 national insurance contributions that would have been payable by the Member had his employment not been contracted-out; and
- (ii) the amount of Class 1 national insurance contributions that were paid by the Member during his contracted-out employment.

**“Compound Interest”** means interest compounded at the rate of 2.5% per annum up to 31 March 1974 and thereafter compounded at the rate of 3.5% per annum.

**“Contributory Service”** means Service in respect of which contributions have been paid or in respect of the Member to the Scheme (subject to Clauses 25A, 25B, 25C and 25D of the Trust Deed and to Rule 3(d), 12(b)(iii) and 20) PROVIDED THAT in relation to the Part-time Service of any Member the formula set out in Rule 20B(ii) will apply (except for the purposes of the definition of “Qualifying

Service”) PROVIDED THAT any break in employment of less than 12 months' duration shall not be regarded as breaking the continuity of the Member's service on condition that any refund of contributions made to the Member are repaid or any deferred pension surrendered to the Scheme and in these circumstances in calculating his entitlements under this Scheme his contributory service with an Employer before the break in employment shall be added to his contributory service thereafter but this proviso shall not apply in relation to any break in employment ceasing after 5 April 1978 of a Member who was not a Member of Part V or of Part VI at the time of such break.

**“Dependent Child”** means-

- (i) a child (including a legally adopted child) of a Member or Pensioner who is under the age of 16 years; or
- (ii) a person under the age of 16 years who in the opinion of the Management Trustees was at the date of the death of the Member or Pensioner substantially dependent on him for the ordinary necessities of life; or
- (iii) a person who has attained age 16 but who otherwise fulfils the requirements of paragraphs (i) or (ii) above and who -
  - (1) is under the age of 23 years and
  - (2) is receiving full-time instruction at any university, college, school or other educational establishment, or full-time training for any profession, vocation or trade, or is unable to earn his or her own living due to a serious and permanent illness or disability.

**“General Staff”** means employees of an Employer (other than Pilots, Officers and Air Cabin Crew) who are employed under contracts of employment entered into within the United Kingdom either as full-time employees or who for the purpose of the Scheme are designated by the Employer as employed in Part-time Service.

**“Higher Rate Contributor”** or **“Lower Rate Contributor”** respectively mean a Member who at any date pays contributions (including Notional Contributions) to the Scheme (other than to the AVC Scheme, as defined in Clause 26) at the same rate as is currently specified under Column A to the Table set out in Rule 5 (in the case of a Higher Rate Contributor) or under Column B to the Table set out in Rule 5 (in the case of a Lower Rate Contributor).

**“Normal Retirement Age”** has the meanings assigned to it in Rule 4.

**“Notional Contributions”** means the contributions made by an Employer which are notionally made by a Salary Sacrifice Member under Rule 5(aa).

**“Officers”** means employees of an Employer who are employed under contracts of employment entered into within the United Kingdom to serve as navigating officers, radio officers or engineer officers of aircraft and who are either full-time

employees or who for the purpose of the Scheme are designated by the Employer as employed in Part-time Service.

**“Part I”, “Part II”, “Part III”, “Part IV”, “Part V” and “Part VI”** mean respectively that part of the Scheme to which Part I, Part II, Part III, Part IV, Part V or Part VI of the Rules respectively applies.

**“Part-time Service”** means in relation to an employee Service in the employment of any Employer on the basis of a contract of service entered into within the United Kingdom and which has been designated by the Employer for the purposes of the Scheme as a permanent part-time employment contract.

**“Pay”** means remuneration (or, in the case of a Salary Sacrifice Member, what would have been remuneration but for the Salary Sacrifice) designated by an Employer as pay for the purposes of these Rules and does not include allowances overtime bonuses commissions or any other payments unless specifically designated as pay for the purposes of these Rules.

**“Pay for Contribution Purposes”** has the meaning assigned to it in Rule 6.

**“Pay for Pension Purposes”** has the meaning assigned to it in Rule 6.

**“Pensionable Dependant”** means in relation to a deceased Member or Pensioner a person, other than a surviving spouse, Surviving Civil Partner or Dependent Child, who to the satisfaction of the Management Trustees was financially dependent upon the Member or Pensioner to a substantial extent at the date of the Member’s or Pensioner’s death, or who lived in a relationship with the Member or Pensioner which closely resembled marriage and who to the satisfaction of the Management Trustees was financially interdependent with the Member or Pensioner. In order to assist them in deciding whether or not a person qualifies as a Pensionable Dependant for the purposes of this definition, the Management Trustees may request such evidence of dependency or interdependency as they may consider necessary or appropriate.

**“Pensioner”** means a person who was a Member and is entitled to a pension or deferred pension under the provisions of Part VI.

**“Pilots”** means employees of an Employer who are employed under contracts of employment entered into within the United Kingdom to serve as pilots of aircraft and who are either full-time employees or who for the purpose of the Scheme are designated by the Employer as employed in Part-time Service.

**“Qualifying Service”** means in relation to a Member ceasing to be employed by his last Employer the aggregate of the following periods, namely -

- (i) Service with the Employer (whether or not continuous) that forms part or all of a period of continuous contributory service ending at the date of cessation of employment;
- (ii) Years of service whilst a member of another scheme in respect of which additional rights to pension have been granted under

Clause 25 of the Trust Deed in substitution for accrued rights under such other scheme;

- (iii) previous Qualifying Service of not less than five years that ceased after 5 April 1975 and before 4 April 1988 and of not less than two years that ceased after 5 April 1988 (excluding however Service in respect of which the Member's accrued rights have been transferred to another scheme);
- (iv) previous Service with the Employer that ceased after 5 April 1975 followed after a break of not more than one month by Service with the Employer under (i) above

PROVIDED HOWEVER that no period shall be reckoned more than once.

**“Retiring Pay”** means the average of the Member's pay for pension purposes during the best two years of the last five years of his contributory service in the occupational category in which he was last employed or during the actual period of his contributory service in that occupational category if less than two years.

**“Salary Sacrifice”** means an arrangement by which a Member agrees to give up (sacrifice) part of his taxable pay (and as a consequence become a Salary Sacrifice Member) in exchange for a non-cash benefit from his Employer in the form of an additional contribution to the Scheme for the benefit of the Member which corresponds to the amount of taxable pay sacrificed by the Member.

**“Salary Sacrifice Member”** means a Member who has become a Salary Sacrifice Member under Rule 2A(a) and has not ceased to be a Salary Sacrifice Member under Rules 2A(b) or 2A(c).

**“Secretary”** means the Secretary for the time being of the Scheme.

**“Service”** means subject to Rule 17 the period during which the Member has been continuously under contract of employment to an Employer.

**“Stewardess”** means female Air Cabin Crew.

## 2. **Membership**

- (a) Subject as hereinafter provided the following persons are eligible to join Part VI -
  - (i) Members of Part I, Part IV or Part V;
  - (ii) General Staff Pilots Officers and Air Cabin Crew engaged by an Employer on or after 16 July 1973 or having been engaged before 16 July 1973 attained the age of 18 years on or after that date;
  - (iii) General Staff Pilots Officers and Air Cabin Crew in the Employment of Cambrian Airways Limited Northeast Airlines Limited or of any subsidiary company of Cambrian Airways

Limited or of Northeast Airlines Limited on 1 November 1975 not hitherto eligible to join Part VI by virtue of either of the foregoing subparagraphs;

- (iv) permanent part-time employees (as defined under the terms of the rules then in force);
  - (v) permanent part-time employees first employed by an Employer as such on or after 1 February 1977 (other than permanent part-time employees eligible under Rule 2(a)(v) of Part V).
- (b) In the case of persons eligible to join the Scheme by virtue of subparagraph (ii) of paragraph (a) of this Rule it shall subject as hereinafter provided be a compulsory condition of employment that they join the Scheme.
- (c) An Employer may by agreement with an Employee waive the provisions of this Rule as to that Employee either by admitting to membership an Employee who would not otherwise be eligible for membership or by excluding from membership an Employee who would otherwise be compelled to join or by admitting an Employee to membership on special conditions.
- (d) Notwithstanding anything to the contrary herein no person shall be eligible to join or be admitted a Member of Part VI after 31 March 1984.

## **2A. Salary Sacrifice**

- (a) A Member will become a Salary Sacrifice Member if his Employer so notifies the Trustees, with effect from the effective date of that notification.
- (b) A Member will cease to be a Salary Sacrifice Member if his Employer so notifies the Trustees.
- (c) A Member will cease to be a Salary Sacrifice Member on ceasing to be employed by his last Employer before reaching Normal Retirement Age.

## **3. Admission to the Scheme**

- (a) Members of Part I, Part IV or Part V shall subject to the provisions of Rule 20 become subject to the Rules of Part VI on the date not later than 31 December 1973 upon which notice reaches the Secretary of their intention to join Part VI.
- (b) Persons eligible to join the Scheme by reason of the provisions of Rule 2(a)(ii) shall be admitted to the Scheme with effect from the date on which they commence employment with an Employer or attain the age of 18 years whichever is the later.

- (c) Every employee as a condition of admission to membership of Part VI shall sign an application for admission containing an undertaking in the form prescribed by the Management Trustees to be bound by the Trust Deed of the Scheme and these Rules and shall produce to the Secretary within six months of the date of joining the Scheme a birth certificate or other evidence of age satisfactory to the Management Trustees.
- (d) The Management Trustees shall upon the written request of an Employer admit a person to membership of the Scheme with effect from a date earlier than the date of that person's commencement of employment with the Employer and in any such case there shall be paid to the Fund by the Employer such sum or equivalent series of sums if any as may be necessary to secure the additional benefit accruing to the Member from such arrangement PROVIDED ALWAYS that such earlier date shall not be a date earlier than or during any period in respect of which such person is entitled to a pension from any pension or superannuation scheme to which the Employer is or is deemed to be a party. The period between the date of admission and the subsequent commencement of employment with the Employer shall be deemed to be contributory service for the purposes of computing pension entitlement.
- (e) During the period from 13 May 1974 until 30 September 1974 (both days inclusive) Members of Part I Part IV or Part V shall be entitled by giving notice containing an undertaking to be bound by the Rules of Part VI to reach the Secretary on or before 30 September 1974 to elect to become subject to such Rules. Any such Member giving such notice shall become subject to the Rules (including Rule 20) of Part VI on the date on which the notice reaches the Secretary but in accordance with Rule 20(k) contributions at Part VI rates shall be payable with effect from 1 April 1974 the shortfall to become payable forthwith. A notice given by a Member of Part I Part IV or Part V under paragraph (a) of this Rule that reached the Secretary after 31 December 1973 but before 13 May 1974 shall if such a Member is still a Member on 13 May 1974 and if the name of such Member is contained in a list initialled by two of the Management Trustees for the purpose of this provision be deemed to be a notice under this paragraph reaching the Secretary on the last mentioned date.
- (f) PROVIDED THAT notice of their intention to join the Scheme in the form prescribed by the Trustees (and containing such options as are referred to in Rule 20A) and duly completed shall have reached the Secretary not later than 31 October 1975 persons eligible to join the Scheme by reason of the provisions of Rule 2(a)(iii) shall become subject to the Rules of Part VI on 1 November 1975 but in default of any such notice persons otherwise so eligible shall cease to be eligible on the said 1 November 1975. Persons who in their notice of intention to join the Scheme exercise any of the options contained in such notice to purchase past service shall on admission to the Scheme become subject to the special conditions contained in Rule 20A.
- (g) PROVIDED THAT a person eligible to join the Scheme by reason of the provisions of Rule 2(a)(iv) shall submit application in form prescribed by

the Management Trustees (and containing such option as is referred to in Rule 20B) and duly completed which reaches the Secretary not later than 31 May 1977 he shall become subject to the Rules of Part VI effectively from 1 February 1977 but in default of such an application a person otherwise so eligible shall cease to be eligible on 1 June 1977. A person who in his application to join the Scheme exercises such option as aforesaid shall on admission to the Scheme become subject to the special conditions contained in Rule 20B.

- (h) PROVIDED THAT a person eligible to join the Scheme by reason of the provisions of Rule 2(a)(v) shall submit application in form prescribed by the Management Trustees and duly completed which reaches the Secretary during the period of one month immediately following the date on which he commenced service as a permanent part-time employee (as defined under the terms of the rules then in force) or not later than 31 March 1977 (whichever is the later) he shall become subject to the Rules of Part VI effectively from the said date of commencement of service but in default of any such notice he shall cease to be so eligible upon the expiry of such month or 31 March 1977 (as the case may be).

#### 4. **Normal Retirement Age**

- (a) Except where Rule 20 applies, the Normal Retirement Age of General Staff who are Members on 1 December 1989 is the Member's 60th birthday and the Normal Retirement Age of all other General Staff Members is a male Member's 63rd birthday and a female Member's 60th birthday PROVIDED ALWAYS that the Normal Retirement Age of a Member to whom Rule 6(e) has applied shall be reduced by 25% of the period or periods of time served overseas by such Member for the purposes of Rule 6(e).
- (b) Subject to Rule 20 the Normal Retirement Age of Pilots Officers and Air Cabin Crew is the age of 55.

#### 5. **Contributions**

- (a) Subject to sub-Rule (aa), a Member's contributions will commence on admission to the Scheme and (subject to sub-rule (e) and Rules 20 and 35) cease at actual retirement age whether before or after Normal Retirement Age. The appropriate rate is determined by reference to the Table below according to whether the Member is a Higher Rate Contributor or a Lower Rate Contributor. All such contributions shall be payable by a Member for the purpose of securing pension benefits only.

**TABLE**

	<b>Percentage of Pay for Contribution Purposes</b>	
<b>Category of Member</b>	<b>Column A: Higher Rate Contributors</b>	<b>Column B: Lower Rate Contributors</b>
General Staff	7.25	5.75
Pilots, Officers and Air Cabin Crew	8.5	7.0

**NOTES TO TABLE:**

- (1) The contribution rates specified above are subject to the subsequent provisions of this Part VI and to any adjustments necessary as a consequence of the Member having exercised any options or powers of election or having been admitted to the Scheme on special conditions whether under the provisions of Part I, Part IV, Part V or Part VI.
  - (2) Contributions are calculated to the nearest penny.
- (aa) Each Salary Sacrifice Member will not be liable to contribute to the Fund under sub-Rule (a). Each Salary Sacrifice Member's Employer will contribute an amount in respect of the Member which, but for the Salary Sacrifice, he would have been liable to contribute under sub-Rule (a). For the purposes of the Trust Deed and these Rules, unless expressly stated otherwise, references to contributions by a Member shall be deemed to include contributions made by his Employer under this sub-Rule. These contributions will be Notional Contributions.
- (b) The contributions of each Employer will consist of:-
- (i) contributions of such amounts as shall be certified by the Actuary from time to time as being required in addition to the contributions payable by the Members to provide the balance of the pension benefits and the whole of the Dependent Child's Allowances and the death benefits of the Scheme;
  - (ia) any Notional Contributions payable under sub-Rule (aa); and
  - (ii) such deficiency contributions if any as may be required in accordance with the provisions of any scheme made pursuant to Clause 11 of the Trust Deed.
- (c) If a Member not being on unpaid additional maternity leave or unpaid adoption leave is absent from work the Employer must (unless the Member during such absence is in receipt of full pay) maintain the Member's contributions but recovery in whole or in part of the

Employer's and the Member's contributions for such period may be effected by the Employer by deduction from the Member's pay or otherwise at the Employer's discretion having regard to individual circumstances. An Employer's contribution so repaid by the Member shall not become a Member's contribution for any purposes of the Scheme. Where a Member returns to employment following a period of unpaid additional maternity leave or unpaid adoption leave, he or she will be entitled to exercise such options in relation to such period of leave and payment of contributions in respect thereof as the Employer makes available for the time being.

- (d) A Higher Rate Contributor may elect to become a Lower Rate Contributor and vice versa, but other than as provided in sub-rule (d), no such election can have retrospective effect. The following provisions apply to such an election -
- (i) the election must be in such written form, and will take effect only subject to such period of notice, as the Management Trustees may from time to time prescribe;
  - (ii) no election may be made during a period when the relevant Member is not paying contributions to the Scheme pursuant to sub-rule (a);
  - (iii) in the case of a Lower Rate Contributor in respect of any election (other than an election made before 2 January 1995 or an election made after an interruption in Service) the Management Trustees may require such person to undergo a medical examination by a doctor nominated by them before any election to become a Higher Rate Contributor is accepted. If the result of the examination is not satisfactory to the Management Trustees, they may refuse to accept the election; and
  - (iv) once a former Higher Rate Contributor has become a Lower Rate Contributor by exercising the right of election, the Lower Rate Contributor may elect to become a Higher Rate Contributor again only once in respect of the same continuous period of Service.
- (e) (i) An employee who is a Member on 1 December 1989 may elect by written notice to the Secretary to cease payment of contributions to the Scheme on one occasion on or after reaching Normal Retirement Age. Such an election is irrevocable and the Member may not resume payment of contributions to the Scheme once notice has been given.
- (ii) The notice under sub-paragraph (i) will take effect from the date selected by the Member (but this cannot be earlier than the day after receipt of the notice by the Secretary).
  - (iii) Where the election is made before 1 August 1999, the Member's pension will be calculated as at the date of termination of

contributions (“**the basic pension**”) and will be actuarially increased until it comes into payment. Any adjustment of an FSS Member’s pension under Rule 15(C) will be calculated by reference to the basic pension only, disregarding any actuarial increase under this sub-Rule (iii).

- (iv) Where the election is made on or after 1 August 1999, when the Member’s pension comes into payment it will be made up of two components. The first component will be the pension entitlement as at the date of termination of contributions (“**the basic pension**”). The second component (“**the crystallisation uplift**”) will represent an actuarial increase to the basic pension to take account of its deferment during the period from the date of termination of contributions until the date of actual commencement, the relevant actuarial factors governing the calculation of the increase being those applicable at the date of the election under paragraph (i) (unless different factors are adopted for subsequent elections which would result in improved terms if applied in the case of the relevant Member, and the Management Trustees decide to apply such new factors in such a case). At the date of commencement the Member may choose whether the crystallisation uplift will be eligible or ineligible for increase under Rule 15 when in payment. If the Member has expressed no choice when the pension first comes into payment, the crystallisation uplift will be so eligible, and in any event the choice will not be available in relation to that proportion (if any) of the crystallisation uplift which is attributable to any part of the basic pension which relates to contributory service after 1 April 1997 (any such part being automatically eligible for increase under Rule 15 when in payment in order to comply with the indexation requirements of section 51 of the Pensions Act 1995). Subject as aforesaid, the actuarial determination of the crystallisation uplift shall have regard to the extent to which that component will be eligible for increase when in payment under Rule 15.
  
- (v) In the event that a Member who terminated payment of contributions under paragraph (a) dies before his pension comes into payment, any surviving spouse, Surviving Civil Partner Pensionable Dependant or Dependent Child who is entitled to a pension or allowance in respect of the deceased Pensioner may choose whether that part of the pension or allowance which is attributable to the crystallisation uplift will be eligible for increase under Rule 15 when in payment. This choice will not be available in relation to that proportion (if any) of the crystallisation uplift which is attributable to any part of the Pensioner’s pension by reference to which the surviving beneficiary’s pension or allowance is calculated which is attributable to any part of the basic pension which relates to contributory service after 1 April 1997 (any such part being automatically eligible for increase under Rule 15 when in payment in order to comply with the requirements of section 51 of the Pensions Act 1995). The choice

must be exercised (if at all) within four weeks of the date on which the relevant beneficiary is notified of the initial entitlement. If no choice is made, the whole of the pension or allowance attributable to the crystallisation uplift will be eligible for increase under Rule 15 when in payment. If the beneficiary is aged under 16 or is otherwise under an incapacity (as determined by the Management Trustees) by reason of physical or mental infirmity, the Management Trustees may accept the choice of any adult whom they reasonably believe to be competent to make the choice in the interests of the beneficiary.

- (vi) A Member who ceases payment of contributions under this Rule will not be treated as a Member who has opted out of membership under Rule 35.

## 6. **Pay for Contribution Purposes and Pay for Pension Purposes**

- (a) Subject as in this Rule hereinafter provided Pay for Contribution Purposes shall be the Member's Pay (or, in the case of a Salary Sacrifice Member, what would have been Pay but for the Salary Sacrifice) as earned each week or each month as the case may be.
- (b) Subject as in this Rule hereinafter provided and subject to Rule 20B (Part-time Service) Pay for Pension Purposes shall be the Member's Pay (or, in the case of a Salary Sacrifice Member, what would have been Pay but for the Salary Sacrifice) in respect of each period of 12 months included in the calculation of Retiring Pay.
- (c) If a Member joins H M Forces or undertakes any other national or emergency service or is otherwise absent from work (such service with the Forces or other service or absence unless compulsory to be with the consent of the Employer) the Member's Pay for Contribution Purposes and the Member's Pay for Pension Purposes throughout the period of such service or absence shall be the same as at the time of his joining the Forces or commencing such other service or absence unless some other rate is agreed between the Employer and the Member.
- (d) With the concurrence of the Member but subject always to the provisions of Rule 7 the Employer may at its discretion in any case where circumstances appear to warrant fix the amount of a Member's Pay for Pension Purposes and/or his Pay for Contribution Purposes at a figure or at figures differing from each other and/or from the amount or amounts calculated in accordance with the other paragraphs of this Rule.
- (e) During such a period or periods of time as a Member is serving on permanent posting in such territory outside Europe as may be designated from time to time by his Employer for the purposes of this sub-paragraph the Member's Pay for Contribution Purposes shall be increased by 25% PROVIDED THAT in individual cases the Employers may by joint agreement at their discretion extend the facility to other Members serving overseas. For the purposes of this sub-paragraph Europe shall be deemed

to include the United Kingdom, the Mediterranean Islands, Tangier and Istanbul.

**7. Statutory Requirements**

Clause 32 of the Trust Deed will apply for all purposes of benefit calculations under these Rules.

**8. Normal pension**

- (a) A Member shall receive a pension payable from actual retirement on or after reaching Normal Retirement Age for the remainder of the Member's life PROVIDED ALWAYS that Pilots Officers or Air Cabin Crew who remain in the employment of an Employer as General Staff may postpone receipt of such pension (or the balance remaining payable after any surrender of pension for the purposes of Rule 9) in which event the actuarial equivalent of the amount thereof will be payable commencing from the date selected by the Member not later than the date of the Member's leaving the employment of his last Employer.
- (b) Subject to sub-Rule (c) and to Rules 17, 20, 20B and 33, the amount of pension to which a Member is entitled is such sum per annum as is equal to the appropriate fraction of his Retiring Pay determined by reference to the following table -

**TABLE**

<b>Category of Member</b>	<b>Fraction of Retiring Pay for each year of Contributory Service as -</b>	
	<b>(1) General Staff</b>	<b>(2) Pilot, Officer or Air Cabin Crew</b>
Members on 1 December 1989	1/56th	1/52nd
All other Members	1/60th	1/56th
Additional completed months and odd days will count proportionately		

- (c) Where a Member has paid increased contributions by virtue of Rule 6(e) his period of Contributory Service which relates to such increased contributions shall likewise be increased by 25% for the purpose of calculating his pension entitlement under this Rule.

**8A Special provisions applicable where staying in service with an Employer after Normal Retirement Age**

Notwithstanding any other provisions of the Rules which may be inconsistent

with this Rule 8A, the following options shall be available from 1 January 2003 where a Member remains in Service with an Employer after Normal Retirement Age (any such person being referred to in this Rule 8A as a “Late Stayer” )-

(i) **Transfers**

A transfer under Clause 25B of the Trust Deed shall be available on request in respect of a Late Stayer whose benefits under the Scheme have not yet come into payment and who so elects having opted-out of the Scheme under Rule 35(c).

(ii) **Commencement of benefits without leaving Service with an Employer**

If a Late Stayer so elects having opted-out of the Scheme under Rule 35(c), his or her benefits under the Scheme may commence in payment from such date on or after Normal Retirement Age as the Late Stayer may arrange with the Management Trustees notwithstanding that he or she is remaining in Service.

(iii) **Elections**

All elections under this Rule 8A must be made in writing to the Management Trustees and shall be subject to such period of notice (expiring no later than the date on which his Service terminates) as the Management Trustees may from time to time prescribe for this purpose. To be effective an election under paragraph (i) above must be accompanied by such information about the transfer and be in such form as the Management Trustees may require in order to enable them to effect the transfer.

(iv) **Restrictions**

As soon as a Late Stayer ceases to qualify as such by ceasing to be in Service, his or her benefits shall immediately come into payment (unless the Trustees are in the process of effecting a transfer in accordance with a request validly made under paragraph (i) above).

9. **Dependant's pension**

- (a) At any time before the commencement date of his pension a Member may notify the Secretary of his intention to make provision for a pension to commence on the date of his death for his surviving spouse or any other dependant named by him and approved by the Management Trustees or, in respect of Contributory Service after 5 December 2005, his Surviving Civil partner such pension to be payable during the remainder of the lifetime of such spouse or named dependant or Surviving Civil Partner PROVIDED ALWAYS that the Management Trustees may at their discretion prescribe either generally or in a particular case that the proposed provision shall only be permitted after a medical examination of the Member by a doctor nominated by the Management Trustees.

- (b) To provide the pension for the spouse or named dependant or Surviving Civil Partner but subject always to the provisions of Rule 33 the Member shall surrender such part of his pension as he desires PROVIDED ALWAYS that he may not surrender so much as would result in the pension payable to the spouse or named dependant or Surviving Civil Partner being greater after taking into account any pension payable under Rule 10 hereof than the amount of the pension remaining to be paid to the Member before any commutation of pension under the provisions of Rule 14. The amount of pension payable to the spouse or named dependant or Surviving Civil Partner shall be the actuarial equivalent of the amount of pension so surrendered by the Member.
- (c) Any notification given under this Rule shall be revoked -
  - (i) if the Member leaves the employment of an Employer and become entitled to and receives a return of his own contributions in accordance with Rule 16; or
  - (ii) in relation to a notification made before 10 January 2008, if the Member or named dependant dies before the Member reaches Normal Retirement Age unless before such death the Member had left the employment of an Employer with an entitlement to an immediate or deferred pension.
  - (iii) in relation to a notification made on or after 10 January 2008, if the Member or named dependant dies before the commencement date of the Member's pension.
- (d) A Member may cancel or subject to the aforementioned limitations and conditions amend the notification to the Secretary referred to in paragraph (a) of this Rule by further notice to the Secretary at any time before midnight on the date of his leaving the Employment of his last Employer. If a Pensioner's named dependant dies after the Pensioner's pension has commenced, the Pensioner may nominate another dependant, who must be approved by the Management Trustees for this purpose, to receive a pension on his death in place of the original nominee. The amount of the new dependant's contingent pension will be payable for life and its amount will be determined in accordance with criteria specified by the Actuary as being the equivalent of the amount surrendered having regard in particular to the age of the dependant. A nomination may not otherwise be revoked or changed.

## 10. **Adult survivors' pensions**

### (a) **Qualification for spouse's pension**

Subject to Rule 20(m) the surviving spouse of a Member or Pensioner who in either case is or has been a Higher Rate Contributor will receive a yearly pension payable for life from the date of the Member's or Pensioner's death. No pension entitlement will be payable to the surviving spouse of a Member or Pensioner who has never been a Higher

Rate Contributor unless Rule 32A and/or 33 applies (if the Member or Pensioner has been in contracted-out employment by reference to the Scheme).

(b) **Calculation of spouse's pension: Higher Rate Contributors only**

The yearly amount of the spouse's pension for Higher Rate Contributors will be determined by reference to the following table -

**TABLE**

Category	Category description	Spouse's pension to be two-thirds of the following relevant pension (but see Notes 1 & 4)
A.	Member who dies before Normal Retirement Age	<p>The deferred yearly pension to which the Member would have been entitled at the date of death if, for the purposes of Rule 13(a), the period of Service by reference to which the deferred pension would have been calculated was the aggregate of:-</p> <p>(1) the last or only period of Contributory Service but (subject to Note 2) disregarding any period(s) during which the Member was a Lower Rate Contributor (other than where applicable for the determination of Retiring Pay); and</p> <p>(2) one-half of the potential Service between the date of the Member's death and the Member's Normal Retirement Age (but see Note 3).</p>
B.	Member who dies on or after Normal Retirement Age	<p>The yearly pension to which the Member would have been entitled had the Member retired on the day before the date of death if (subject to Note 2) Contributory Service disregarded any period(s) of Service as a Lower Rate Contributor for the purposes of the calculation to be made under Rule 8 (other than where applicable for the determination of Retiring Pay).</p>
C.	Pensioner	<p>The immediate or deferred pension to which the Pensioner would have been entitled if (subject to Note 2) Contributory Service (other than where applicable for the determination of Retiring Pay) disregarded any period(s) of Service as a Lower Rate Contributor.</p>

NOTES TO TABLE:

- (1) When calculating the relevant pension, any adjustments to the Member's or Pensioner's pension made under Rules 9, 12(b)(i) and (ii), 13A, 13B, 14, 20(b), 33 or 34, and any actuarial reduction on early commencement of a deferred pension made under Rule 13(b) or 13(g) hereof, are to be disregarded. Any adjustments under Clause 24 are to be likewise disregarded unless the adjustment was implemented on terms that it would not be so disregarded.
- (2) For the purpose of calculating any pension payable to a surviving spouse on the death of a female Member or female Pensioner who:-
- I (i) was a Higher Rate Contributor; and
  - (ii) ceased to be in contributory service by retirement or otherwise between 1 December 1987 and 30 November 1989 (both dates inclusive); or
  - II (i) was a Member on 1 December 1989; and
  - (ii) became a Higher Rate Contributor by election effective on 1 December 1987 or 1 April 1990 (or, if she was then on maternity leave, on such later date at which her election became effective following her return to normal Contributory Service)

the relevant Contributory Service also includes one-half of any period of Service as a Lower Rate Contributor before 1 December 1987 which formed part of the last or only period of contributory service but in relation to Category I the additional spouse's pension attributable to such additional Contributory Service will be calculated as one-half not two-thirds of the additional pension notionally attributable to the deceased Member or Pensioner.

- (3) If the Member (being an employee on General Staff) had a different Normal Retirement Age as at 30 November 1989 from that which applies at the date of death as a result of the changes in Normal Retirement Age introduced with effect from 1 December 1989, then for the purposes of Category A item (2) in the calculation is to be read disregarding any reduction in Normal Retirement Age, and for the purposes of Category B Contributory Service includes one-half of the potential service between the date of the Member's death and his previous Normal Retirement Age if the death occurs before that date.
- (4) If the surviving spouse was at the date of the death of the Member or the Pensioner more than ten years younger than the Member or Pensioner, the amount of the surviving spouse's pension will be reduced by 1.25 per cent for each complete year by which the difference in age exceeds ten years.

(c) **Multiple spouses' pensions**

Unless the surviving spouse's pension first arises on or after 15 August 1990 or the Management Trustees decide otherwise, no surviving spouse will be entitled to receive pensions in respect of more than one deceased Member or Pensioner under this Rule (but if, other than for this provision, a surviving spouse would be entitled to receive more than one such pension, the surviving spouse will be entitled to receive whichever pension is greater). If at the date of death a Member or Pensioner was

lawfully married to two or more persons, the surviving spouse's pension payable under this Rule will be paid in such manner as the Management Trustees in their absolute discretion determine.

**(d) Contributions guarantee**

If on the cessation of all pensions payable in respect of a Member or Pensioner under this Rule 10 the total amount of:-

- (i) pension payments to any surviving spouse or Pensionable Dependants under this Rule;
- (ii) all pension and lump sum payments to the relevant Member or Pensioner under the Rules; and
- (iii) the value of any pension payable under Rule 9

is less than the aggregate of:-

- (iv) the amount of the contributions the Member or Pensioner has paid to the Scheme pursuant to Rule 5 (including Notional Contributions) together with Compound Interest thereon to the date on which the Member or Pensioner died or the date on which (in the case of a Pensioner) the pension commenced whichever is the earlier,

then the difference between the two sums will be paid to the legal personal representative of the surviving spouse (if applicable) or otherwise to the legal personal representative of the Pensionable Dependant (or, if more than one, of the last Pensionable Dependant to die).

**(e) Pensions for other adult survivors**

If a Member or Pensioner who in either case has been a Higher Rate Contributor dies without leaving a surviving spouse but leaving a Pensionable Dependant, a pension will be payable to such Pensionable Dependant. Subject to any restriction as may be necessary to ensure that when aggregated with any Dependent Child's allowances in payment at any time under Rule 11 the pension under this sub-rule (e) will not exceed the maximum approvable benefits which the Scheme could have provided before 6 April 2006 under the requirements of HM Revenue & Customs, the pension will be equal to the pension which would otherwise have been payable under sub-rule (b) above had the Member or Pensioner left a surviving spouse and will be payable for life. Notes 1, 2 and 3 to the Table in sub-rule (b) will apply in the calculation of the amount of the pension, and Note 4 will apply having regard to the age of the relevant Pensionable Dependant. If there are more than one such Pensionable Dependants the Management Trustees may allocate the pension between them in such shares as they may decide (with any adjustment by reference to Note 4 to the Table taking effect in relation to the pension so

allocated to each Pensionable Dependant separately), or they may decide that a pension will be payable to only one such Pensionable Dependant. If payment is made to two or more Pensionable Dependents, when a Pensionable Dependant dies the Management Trustees may reallocate that pension to another Pensionable Dependant, but they shall not be obliged to do so. For the purposes of this sub-rule (e) the Management Trustees may invite Higher Rate Contributors to notify them of any individuals whom the Higher Rate Contributors would wish to be considered as potential Pensionable Dependents on death.

(f) **Concessionary spouses' pensions**

The surviving spouse of a female Pensioner who became a Pensioner before 1 December 1987 will also receive a yearly pension payable for life from the date of the Pensioner's death. The pension will be calculated in the same way as specified under (b) above, except that it will be one-half (not two-thirds) of that part of the relevant pension which is attributable only to one-half of the period of Service as a Lower Rate Contributor (before 1 December 1987) which formed part of the last or only period of Contributory Service.

(g) **Surviving Civil Partner**

Except in the eighth line of Rule 10(c), this Rule 10 shall apply in respect of a Surviving Civil Partner as if the words "Surviving Civil Partner" were substituted for the words "surviving spouse" and "spouse" and all related terms shall be construed accordingly.

11. **Dependent Child's allowance**

(a) **Qualification for Dependent Child's allowance**

On the death of a Member or Pensioner, an allowance will become payable in respect of any Dependent Children of the Member or Pensioner. Where the relevant Dependent Child giving rise to the payment of the allowance is born after the date of death of the Member or Pensioner, the allowance will become payable from the date of the Dependent Child's birth. The Dependent Child's allowance will be payable for so long as a person qualifies as a Dependent Child.

(b) **Calculation of Dependent Child's allowance**

The yearly amount of the Dependent Child's allowance to be allocated in respect of the Dependent Children will be the appropriate percentage (determined by reference to the table set out below according to the number of Dependent Children there are at any time) of the following pension, disregarding any adjustments made to such pension under Rules 9, 12(b)(i) and (ii), 13A, 13B, 14, 20(b), 33 or 34, and any actuarial reduction on early commencement of a deferred pension made under Rule 13(b) or 13(g) hereof, (and likewise for any adjustment under Clause 24, unless the adjustment was implemented on terms that it would not be

so disregarded) -

- (i) in the case of the death of a Pensioner: the yearly pension or deferred pension to which the Pensioner was entitled at the date of death;
- (ii) in the case of the death of a Member who dies before Normal Retirement Age: the yearly deferred pension to which the Member would have been entitled had he completed in addition to his Contributory Service one-half of the potential Service between the date of death and Normal Retirement Age. For this purpose if the Member (being an employee on General Staff) had a different Normal Retirement Age as at 30 November 1989 from that which applies at the date of death as a result of the changes in Normal Retirement Age introduced with effect from 1 December, the one-half service addition shall be calculated by reference to such previous Normal Retirement Age PROVIDED THAT this benefit shall also apply to such a Member who dies on or after Normal Retirement Age but before the date which was his previous Normal Retirement Age (with the one-half service addition being calculated by reference to such previous Normal Retirement Age as above).

TABLE

Number of Dependent Children at any time	Percentage of pension under (i) or (ii) above	
	(1) all cases except those under Column (2)	(2) for so long as no pension is payable to a surviving spouse under Rule 10: Higher Rate Contributor only (but see Note (1) below)
1	16.7%	50%
2 or more	33.3%	100%

NOTES TO TABLE:

- (1) If a Member or Pensioner has at any time been a Lower Rate Contributor, the pension to which the percentage in Column (2) is to be applied will be calculated disregarding the period of Contributory Service as a Lower Rate Contributor (other than where applicable for the determination of Retiring Pay).
- (2) Where there is more than one Dependent Child the Management Trustees may make such arrangements as they may from time to time consider appropriate as regards the allocation of the allowance in respect of all or any of them, and in particular shall be under no obligation to pay part of the allowance in respect of each one of them.

(c) **Receipts**

The receipt of the surviving parent or persons standing in the loco parentis to a Dependent Child will be a sufficient discharge to the Management Trustees for any payment made in respect of such Dependent Child under this Rule 11.

12. **Ill-health pension**

(a) A Member being General Staff or Air Cabin Crew who ceases to be employed by an Employer before attaining Normal Retirement Age in consequence of incapacity to perform his normal duties arising from mental or physical infirmity not resulting from his own wilful misconduct and a Pilot or Officer who ceases to be employed by an Employer before attaining Normal Retirement Age by reason of his ceasing to be qualified to hold the appropriate licence to enable him to perform his normal duties with an Employer shall be entitled:-

(i) if he has less than five years Contributory Service to receive an immediate pension being subject to Rule 33 the actuarial equivalent of the pension he would have been entitled to receive had he retired at Normal Retirement Age with the same period of contributory service as he has in fact completed calculated on the assumption that his retiring pay at Normal Retirement Age was the same amount as his Retiring Pay at the date on which he in fact ceased to be employed by his last Employer; or

(ii) if he has five years Contributory Service or more or if his infirmity is the result of an air accident sustained in the course of his duties with an Employer to receive an immediate pension equal in amount to the pension he would have been entitled to receive had he retired at Normal Retirement Age with the same period of Contributory Service as he has in fact completed plus half of the potential years of service from the date of ill-health retirement to Normal Retirement Age calculated on the assumption that his retiring pay at Normal Retirement Age was the same amount as his Retiring Pay at the date on which he in fact ceased to be employed by his last Employer PROVIDED THAT if a Member on joining the Scheme had a different Normal Retirement Age from that which applies when calculating pension under Rule 12 as a result of the changes in Normal Retirement Age introduced with effect from 1 December 1989, the following provisions apply -

(A) any reduction in Normal Retirement Age will be disregarded when calculating the immediate pension under paragraph (a)(ii) of this Rule; and

(B) if such a Member has passed his new Normal Retirement Age but would have been below Normal Retirement Age as defined prior to 1 December 1989, he will be entitled to an immediate pension calculated under Rule 8(a) except that

half the potential service from the date of retirement to his original Normal Retirement Age will be added to his Contributory Service.

- (b) While any person who is in receipt of a pension by virtue of paragraph (a)(ii) of this Rule is under Normal Retirement Age -
  - (i) the Management Trustees may at any time require him to furnish such evidence as they shall deem satisfactory of his continued incapacity and if he shall not furnish such evidence they may vary suspend or revoke his pension;
  - (ii) if he recovers sufficiently to be able to earn an income the Management Trustees may from time to time vary suspend or revoke his pension as they think the circumstances justify PROVIDED ALWAYS that such pension shall not be reduced below an amount which when added to the income being earned and the amount of any pension commuted under Rule 14 would result in a sum less than his pay immediately before retirement on ill-health pension;
  - (iii) if he recovers sufficiently to be able to perform his normal duties and is re-engaged by an Employer to perform such duties his pension shall cease but he shall forthwith be readmitted to the Scheme and in calculating his entitlement to pension his contributory service with an Employer before retiring on ill-health pension shall be added to his contributory service thereafter and such allowance as the Actuary may determine shall be made in respect of any lump sum paid under Rule 14.
- (c) Except in cases falling within paragraph (b)(iii) of this Rule if a person's pension has been varied suspended or revoked as aforesaid he shall on attaining Normal Retirement Age be entitled either to a continuation of the ill-health pension or to a pension calculated according to Rule 8 (reduced however to the extent determined by the Actuary to take account of any lump sum paid under Rule 14) whichever is the greater whether his incapacity continues or not and whether or not he is earning an income.
- (d) Except in cases falling within paragraph (b)(iii) of this Rule if a person's pension has been varied suspended or revoked he may subject to the provisions of Rules 16, 31 and 33 hereof require payment of such part of the amount of his own contributions (plus compound interest to the date of his retirement on ill-health pension) as remains after deducting the amount of ill-health pension already received and any lump sum paid under Rule 14 in which event no other payment shall be made under any of the Rules of the Scheme in respect of his membership.
- (e) For the purposes of this Rule contributory service in respect of which an increased contribution has been paid by virtue of Rule 6(e) shall likewise be increased by 25%.

- (f) No pension may be paid under this Rule 12 on the grounds of mental or physical infirmity to any person who is below age 50 unless and until the ill-health condition set out in Schedule 28 to the Finance Act 2004 is met.

**13. Deferred pension**

- (a) A Member ceasing to be employed by his last Employer before reaching Normal Retirement Age who at the date of such cessation either -
  - (i) had accrued two or more years' Qualifying Service; or
  - (ii) had accrued less than two years' Qualifying Service but was discharged (or who in the opinion of his Employer resigned in order to avoid discharge) from the employment of an Employer for reasons other than misconduct

shall be entitled to receive a deferred pension commencing at Normal Retirement Age equal in amount to the pension he would have been entitled to receive had he retired at Normal Retirement Age with the same period of contributory service he has in fact completed calculated on the assumption that his retiring pay at Normal Retirement Age was the same amount as his Retiring Pay at the date on which he in fact ceased to be employed by his last Employer PROVIDED HOWEVER that in relation to a Member who is entitled in the alternative to a refund of contributions under Rule 16(a) entitlement to a deferred pension under this Rule shall not arise until the Member has elected to receive such a deferred pension in lieu of such refund.

- (b) A Member or Pensioner may advance payment of such deferred pension in which event a pension which is the actuarial equivalent thereof shall be payable commencing from the date selected by the Member not earlier than age 50 PROVIDED ALWAYS that at the request of a Member's Employer such deferred pension may be paid without actuarial reduction if the date selected by the Member having attained age 50 is within five years of the Member's Normal Retirement Age and the Member has accumulated not less than 20 years of Contributory Service PROVIDED FURTHER that this option shall not be available in any case in which the Management Trustees determine that the pension payable to the Member at the date of his attainment of pensionable age would be or might be less in weekly rate than the weekly rate of the guaranteed minimum pension appropriate to the Member under Rule 33 at that date except that the Management Trustees may agree to the payment to the Member of an immediate pension equal to -
  - (1) until pensionable age a pension which is the Actuarial Equivalent of the deferred pension after deducting the Actuarial Equivalent of the guaranteed minimum pension; and
  - (2) from pensionable age no less than the guaranteed minimum pension

subject to the amount of the pension under (1) not being less than such amount as the Management Trustees prescribe from time to time for this purpose. The term “**pensionable age**” shall have the same meaning as in the Pension Schemes Act 1993.

- (c) Any Pensioner may postpone receipt of such deferred pension (or the balance remaining payable after any surrender of pension for the purposes of Rules 9 or 14) until no later than age 75 in which event the actuarial equivalent of the amount of such deferred pension (less any amount allocated for the purposes of Rule 9 or Rule 14) shall be payable from the date of commencement of payment. The Pensioner shall upon request submit evidence satisfactory to the Management Trustees of the continuation of circumstances which entitle him to postpone receipt of his deferred pension.
- (d) The pension actuarially adjusted in accordance with paragraphs (b) or (c) of this Rule shall except as otherwise provided be the Member's pension for all purposes of these Rules.
- (e) For the purpose of calculating the amount of pension payable under this Rule Contributory Service in respect of which an increased contribution has been paid by virtue of Rule 6(e) shall likewise be increased by 25% and the Contributory Service of a Member in Part-time Service shall be ascertained in accordance with Rule 20B.
- (f) Unless his pay has at any time exceeded £5,000 in any one year where a former Member who ceased to be employed by his last Employer prior to 6 April 1978 has (being entitled) elected to receive a deferred pension and at a subsequent date before his pension has commenced wishes to receive a return of his own contributions in lieu of such deferred pension the Management Trustees may at their discretion after considering the reasons for such request and subject to Rule 31 grant a repayment of the former Member's contributions with compound interest to the date of payment.
- (g) Subject to the same proviso concerning guaranteed minimum pensions as in Rule 13(b), a former Member who is entitled to a deferred pension but who subsequently becomes incapacitated before the date on which the deferred pension under this Rule 13 could otherwise come into payment may elect to have the deferred pension put into payment immediately (notwithstanding the fact that he may not have attained age 50) at a rate which is the actuarial equivalent of the deferred pension which would have commenced at normal retirement age. For the purposes of this Rule 13(g), an individual will be regarded as incapacitated if he is suffering from physical or mental deterioration which is sufficiently serious to prevent him from following his or her normal employment or which seriously impairs his earning capacity. The decision of the Management Trustees as to whether he is so incapacitated will be final.
- (h) The option under Rule 13B to receive a higher rate of pension during the first years after Normal Retirement Age shall also apply to a deferred

pension payable under this Rule, except to a deferred pension which has come into payment early under Rule 13(g) before the earliest date from which the former Member could advance payment of his pension as specified in Rule 13(b) and subject as therein provided.

**13A. Pension augmentation at early retirement**

- (a) If the Employer (in its absolute discretion) by notice in writing to the Secretary before 26 March 1986 requests the augmentation by a specified augmentation element (subject always to the provisions of Rule 7) of the pension of any Member about to retire before Normal Retirement Age who has elected under Rule 13(b) that his pension commence immediately following his retirement (or who is barred from making this election by the second proviso to Rule 13(b)) the pension of such Member (as determined prior to the application of this Rule) shall be augmented by the said specified augmentation element.
- (b) Augmentation under this Rule shall apply only to the Member's pension and not to any Widow's Pension, Surviving Civil Partner's pension or Dependent Child's allowance associated therewith.
- (c) The augmentation element shall not qualify for commutation under Rule 14 and in a winding-up of the Scheme shall rank in priority after the Scheme's liability for provision for Members in service on the date of commencement of the winding-up but subject thereto and to paragraph (b) of this Rule such element shall constitute part of the Member's pension under Rule 13 for the purposes of these Rules.
- (d) Within four weeks after the commencement of a pension augmented under paragraph (a) of this Rule the Employer shall pay to the Management Trustees by way of contribution to the Scheme a sum that is the Actuarial Equivalent of the augmentation element of such pension.
- (e) Upon receipt from the Employer of a sum that is the Actuarial Equivalent on the last day of the month on which such sum is paid of the balance of any additional pension then in course of payment by the Employer to any Pensioner under the Employer's Augmentation Scheme (Ref. SF No.2/43366) and subject always to the provisions of Rule 7 the said additional pension shall thereafter be deemed an augmentation element payable under this Rule to which the provisions of paragraphs (b) and (c) of this Rule shall specifically apply.
- (f) If the Employer (in his absolute discretion) by notice in writing to the Secretary requests the augmentation by a specified augmentation element (subject always to the provisions of Rule 7) of the deferred pension under Rule 13(a) of any Member about to cease to be employed by the Employer who (by reason of his age) is not qualified to elect that his pension commence immediately upon such cessation of employment but who has elected for advance of his pension to the earliest date permissible under Rule 13(b) the amount of the deferred pension commencing at such date (as determined prior to the application of this Rule) shall be augmented

by the said specified augmentation element and the provisions of paragraphs (b) (c) and (d) of this Rule shall apply mutatis mutandis except that payment under paragraph (d) shall be due within four weeks after the foregoing cessation of employment of the Member.

**13B. Level pension option**

If a Member or Pensioner becomes entitled to a pension under Rule 8 or Rule 13 (other than a deferred pension which has come into payment early under Rule 13(g) before the earliest date from which the former Member could advance payment of his pension as specified in Rule 13(b) and subject as therein provided) commencing before pensionable age under the Pension Schemes Act 1993 he may by notice to the Secretary and subject to the consent of the Management Trustees elect at any date before such pension commences (or in the case of a pension that commenced or commences before 30 September 1984 at any date before 1 April 1985 or such later date as the Management Trustees might determine) that his pension under these Rules shall be increased before such pensionable age and reduced thereafter in accordance with arrangements approved by the Actuary with a view to providing him with a more stable aggregate retirement pension from the Scheme and from the general state social security scheme.

**14. Commutation of pension**

- (a) A Member or former Member may commute (that is, exchange) the whole or part of his pension payable under Rules 8, 12, 13 or 16 (but before making any adjustment under Rule 13B) for a cash sum as follows -
  - (i) The election may be exercised only by the Member or former Member giving notice to reach the Secretary within 3 months immediately before his pension comes into payment.
  - (ii) Any election will be revoked by the death of the Member or former Member before his pension comes into payment but otherwise the cash sum will be paid to the Pensioner on the day his pension commences.
  - (iii) The cash sum must not, when combined with any other cash sum received under this Rule or under any other pension or arrangement, exceed the Member's maximum Pension Commencement Lump Sum.
  - (iv) The amount of pension to be commuted to provide a particular cash sum will be decided by the Actuary.
  - (v) The remaining pension must not be less than the total of any graduated pension payable to the Member or former Member under Rule 31 and any guaranteed minimum pension payable to the Member or former Member under Rule 33.
- (b) Where a Pensioner has commuted part of his pension under this Rule the lump sum payable under this Rule shall be deducted from any death

benefit payable under Rule 19(ii).

- (c) A Member or Pensioner who retires through Serious Ill-Health may, if he has given prior notice in writing to the Management Trustees and subject to their consent, and the conditions set out in paragraph 4(1)(a) to (e) of Schedule 29 to the Finance Act 2004 apply, convert on a basis which is the Actuarial Equivalent all of his pension under the Scheme into a Serious Ill-Health Lump Sum

PROVIDED THAT exercise of this option shall be subject to such restriction as the Management Trustees determine to be appropriate to ensure that there shall, to the extent required by law, remain payable to or in respect of the Member or Pensioner a pension not less in weekly rate at the later of the date of surrender and the date of his attainment of pensionable age than the weekly rate of the guaranteed minimum pension appropriate to him under the GMP Rule at the later of such dates (and any associated pension payable on his death).

- (d) If at any date on or after its commencement date and before the exercise of any option under Rule 9 or this Rule 14, the pension payable to any Member or Pensioner or other person under the Scheme does not, when combined with any other cash sum received under any other pension or arrangement, exceed the Trivial Commutation Limit, the Member, Pensioner or other person shall if so required by the Management Trustees (and may in other circumstances, but in that event subject to his having given prior notice in writing to the Management Trustees and to their consent) surrender the whole of such pension at the specified date for a lump sum payment of an amount being the Actuarial Equivalent thereof;

PROVIDED THAT in the event of any such surrender by a Member or Pensioner any benefits contingently payable under the Scheme on his death shall cease to be payable and any such cesser shall be taken into account by the Management Trustees and the Actuary in determining the amount of such lump sum payment;

AND PROVIDED FURTHER THAT this option shall not be available in respect of the pension of any Member or Pensioner whose pension is due to commence prior to the date of his attainment of pensionable age and who has a guaranteed minimum in relation to the pension to be provided for him under the Scheme in accordance with the provisions of the GMP Rule and in respect of whom the basis of revaluation described in Rule 33.5(C)(i)(2) applies.

## 15. **Adjustment of pensions and allowances**

The annual rate of all pensions and allowances payable or prospectively payable under Rules 8, 9, 10, 11, 12, 13 and 34 hereof shall be adjusted as if the rates of increase as specified in the Annual Review Orders issued in accordance with section 59 of the Social Security Pensions Act 1975 were applicable thereto PROVIDED ALWAYS that if the said Act is repealed

and not replaced or should it become necessary to review the basis of such annual adjustments steps shall be taken to ensure that the annual adjustments of pensions and allowances continue to be made based upon an appropriate national index or indices reflecting fluctuations in the cost of living PROVIDED FURTHER that without prejudice to compliance with the requirements of section 51 of the Pension Act 1995, any adjustment under the provisions of this Rule shall not apply -

- (A) during the period of postponement, to pensions postponed under the provisions of Rules 8(a) or 13(c);
- (B) in respect of the period from the date of cessation of contributions until the date of commencement of payment, to pensions deferred under the provisions of Rules 5(e), 20(e) or (subject to Rule 34(d)) 20(l);
- (C) when the relevant pension or allowance is in payment, to any actuarial increase under Rule 5(e)(iii); nor shall such adjustment apply (subject to section 51 aforesaid) to any crystallisation uplift as described in Rule 5(e)(iv) (or to any part of a pension or allowance attributable to any such actuarial increase or crystallisation uplift), where in any such case an election to this effect has been duly made in accordance with the provisions of paragraph (iv) or (v) of Rule 5(e) as applicable.

**16. Refund of contributions**

- (a) A Member ceasing to be employed by his last Employer before reaching Normal Retirement Age -
  - (i) who so ceases prior to 6 April 1978 (unless his pay has at any time exceeded £5,000 in any one year) and (being entitled) who elects not to receive a deferred pension under Rule 13(a); or
  - (ii) who has accrued less than 2 years' Qualifying Service

shall subject to paragraphs (c) and (d) hereof and to Rule 31 be entitled to a return of his own contributions (but not Notional Contributions) with compound interest to the date of his so ceasing to be employed.

- (b) For the purposes of these Rules the Member's own contributions shall include only those of his contributions to this Scheme and to any other Scheme the Member's interest in which has been transferred to this Scheme in respect of which no pension immediate or deferred has been awarded.
- (c) Unless the former Member shall have ceased to be employed by his last Employer prior to 6 April 1978 there shall be deducted from any return of contributions made to him under these Rules an amount equal to the relevant Certified Amount which shall be applied towards the

Contributions Equivalent Premium payable by such Employer in order to extinguish the former Member's accrued rights to a guaranteed minimum pension under Rule 33.

- (d) No interest shall be payable in respect of any contributions repaid under this Rule 16 on or after 6 April 2006 except to the extent permitted as an authorised payment under the Finance Act 2004

**17. Change in occupation or Employer**

- (a) Where a Member is employed by an Employer at different times as General Staff, Pilot, Officer or Air Cabin Crew without a break in Service his pension and surviving spouse's or Surviving Civil Partner's pension and Dependent Child's allowance shall be calculated in accordance with the Rules applicable to the occupational category in which the Member is employed at the date of leaving Service. For this purpose the Contributory Service in any earlier occupational category will be taken into account by crediting the Member with such additional notional period of Contributory Service in his final category as the Actuary may determine to be appropriate. For the purposes of calculating any surviving spouse's or Surviving Civil Partner's pension under Rule 10, the Contributory Service so credited will be taken into account in the proportion which the period of actual Contributory Service as a Higher Rate Contributor in the earlier occupational category bears to the total period of such Contributory Service. There shall be deemed to be a break in Service if the Member takes an immediate pension or elects to take a deferred pension in respect of Service in the occupational category from which he is transferring.
- (b) Subject to Rule 20(d) a Member transferring from the employment of one Employer to that of another shall be entitled to count all service with either Employer in computing total service.

**18. Entitlement to and payment of pensions benefits and allowances**

- (a) Entitlement to any pension benefit or allowance payable under these Rules is conditional upon a claim therefor having been submitted by or on behalf of the person entitled to the Management Trustees within a period of twenty years after the date on which the first payment of pension benefit or allowance would otherwise have been due or after the date on which some payment has been made in respect thereof during the said period. Failing such claim or payment all entitlement to such pension benefit or allowance shall be extinguished.
- (b) The first payment of pensions and allowances shall be made on the last day of the month next following the month in which entitlement accrues. Thereafter payments shall be made monthly in arrear. The last payment is due up to the end of the calendar month in which death occurs. The Management Trustees may from time to time require production of evidence satisfactory to them of the existence of the person entitled to the pension or allowance and of any other fact relevant to continued

entitlement to the pension or allowance and persons in receipt of any pension or allowance are under an obligation to inform the Management Trustees of all such facts.

- (c) Pensions benefits and allowances shall be payable in sterling (United Kingdom currency) by cheque or draft on London unless the Management Trustees otherwise decide. Any such cheque or draft may be sent by post as a prepaid letter to the address notified by the recipient for the purpose and payment of any such cheque or draft if purporting to be endorsed by the person to whom the same was made payable shall be a good discharge to the Management Trustees.
- (d) If the recipient is in the opinion of the Management Trustees suffering from any physical or other incapacity rendering him unable to manage his affairs or to give a proper receipt they may at their option cause the pension benefit or allowance to be paid for his benefit to any person or institution concerned with the care or welfare of the recipient and the receipt of such person or institution shall be a complete discharge to the Management Trustees for the money paid and the Management Trustees shall not be under any liability to see to the application thereof.
- (e) Notwithstanding the provisions of paragraph (b) of this Rule the Management Trustees may if in their opinion monthly instalments of a pension or allowance are trivial in amount pay such pension or allowance whether in advance or in arrear at such intervals of time not exceeding one year as they may deem appropriate.

#### 19. **Death benefit**

Lump sum death benefits will be payable as follows:-

- (i) On the death of a Member from any cause a lump sum will be payable equal to three times the annualised amount of the Member's pay (or, in the case of a Salary Sacrifice Member, what would have been that annualised amount but for the Salary Sacrifice) immediately prior to the date of death (subject to a minimum payment of £1,500 or, if greater, an amount equal to the Member's own contributions as defined in Rule 16 (plus Notional Contributions) together with Compound Interest thereon to the date of death). If a pension does not become payable in respect of the Member under Rule 10, a further lump sum will be payable of an amount equal to the Member's own contributions as defined in Rule 16 (plus Notional Contributions) together with Compound Interest thereon to the date of death. If a pension does become payable in respect of the Member under Rule 10 but the Member has been a Lower Rate Contributor, a further lump sum will similarly be payable, but calculated by reference only to contributions (including Notional Contributions) as a Lower Rate Contributor.
- (ii) On the death of a Pensioner in circumstances where no pension becomes payable under Rule 10 and:-

- (1) the aggregate of the Pensioner's own contributions as defined in Rule 16 (plus Notional Contributions) together with Compound Interest thereon to the date on which the Pensioner last ceased to be employed by a Participating Employer (or to the date of his death if his pension had not yet come into payment) exceeds
- (2) the aggregate of:-
  - (a) (where payment of pension had commenced before the date of death) any pension so paid and any lump sum payments made to the Pensioner under the Rules; and
  - (b) the value of any pension payable under Rule 9

a lump sum will be payable equal to the difference between items (1) and (2). If a pension does become payable under Rule 10 but the Pensioner has been a Lower Rate Contributor, a lump sum will similarly be potentially payable, but calculated by reference only to contributions as a Lower Rate Contributor (and disregarding the pension payments under Rule 10 for the purposes of (2)).

- (iii) The death benefit shall be paid or applied as permitted by Rule 22 in such manner as the Management Trustees in their absolute discretion think fit.

## 20. Transitional provisions

- (a) (i) In the case of Members who were on 1 January 1954 Members of Part I, Part II or Part III the expression "**Normal Retirement Age**" as used in Part VI in relation to General Staff shall mean the age of 60 in the case of men and 55 in the case of women. Unless the Employer otherwise determines the provisions of this paragraph shall not apply in respect of any period of membership after an actual break in service after 1 January 1954 of twelve months or more PROVIDED THAT transfer of employment from one Employer to another shall not for the purpose of this paragraph be deemed to constitute a break in service.
- (ii) In the case of Pilots who on 15 July 1973 are Members of Part IV or Part V the expression "**Normal Retirement Age**" as used in Part VI as used in relation to Pilots shall mean age 50.
- (b) A Member who at the date of his transfer to Part VI was paying increased contributions under the provisions of Rule 9A of Part I or Rule 13 of Part IV may continue such payments throughout his membership of Part VI and if he does so continue his rights in respect of such payments shall be the same as though such payments had continued to be made under Part I or Part IV as the case may be PROVIDED THAT such Member may not increase the amount of his increased contributions.
- (c) Paragraph deleted by Deed dated 1 April 1987.

- (d) Any special arrangements under the provisions of Rule 1A, 2(c), 3(f), 9 or 20 of Part V or the corresponding provisions of Part I, Part II, Part III or Part IV or under the provisions of the Deed dated 7 December 1972 shall continue under the provisions of Part VI.
- (e) (i) A Member of Part I, Part IV or Part V who having reached Normal Retirement Age under the provisions of those Parts has ceased to pay contributions to the Scheme shall upon transfer to Part VI elect by notice to the Secretary whether to resume payment of contributions and if he elects to resume paragraph (k) of this Rule shall apply to him from the date of transfer and for the purpose of determining his Contributory Service (but for no other purpose) he shall be deemed to have paid contributions from the date of cessation until the date of transfer. If he elects not to resume payment of contributions the pension to which he would have been entitled had he retired on the day before his date of transfer shall be determined in accordance with the Rules of the Part then applicable to him and upon transfer paragraph (l) of this Rule shall apply as if such pension were the basic pension.
- (ii) Members who as Members of Part I, Part IV or Part V reached Normal Retirement Age under the provisions of those Parts prior to transferring to Part VI and who have not ceased to pay contributions to the Scheme and Members who as a consequence of the operation of the proviso to Rule 4(a) became over Normal Retirement Age immediately upon transferring to Part VI may by notice to reach the Secretary on or before 1 July 1974 elect to crystallise their pension entitlement as at 31 July 1974 and if they are still Members on the said 31 July 1974 the provisions of paragraph (1) of this Rule shall apply from such last mentioned date *mutatis mutandis*.
- (f) Upon his becoming subject to the Rules of Part VI a male Member of Part I or Part IV shall pay to the Scheme such sum as is equal to 2% of such Member's pay for contribution purposes on 1 October 1971 for each of the pension years included in the period commencing on 1 April 1964 and ending on 31 March 1974 or his date of retirement if earlier PROVIDED ALWAYS that a male member of Part I or Part IV who has been unmarried from 19 June 1963 until the date of his transfer to Part VI shall in lieu of the sum above referred to pay to the Scheme such sum as is equal to 1.5% of his pay for contribution purposes for each of the years between 19 June 1963 and 1 April 1974 or the date of his retirement if earlier and proportionately for any part of a year.
- (g) In addition to any sum payable under paragraph (f) of this Rule Officers subject to the Rules of Officers Option A to Part IV or Officers Option A to Part V shall on transferring to Part VI pay to the Scheme by way of arrears such additional sums as they would have paid had they transferred to Officers Option B to Part IV or Officers Option B to Part V (as the case may be) on 1 September 1965 and continued membership thereof until 31 March 1974 or their date of retirement if earlier.

- (h) Air Cabin Crew not subject to the Rules of the Air Cabin Crew Option to Part V may by notice to the Secretary elect to transfer to Part VI as General Staff and if they so elect they shall be deemed to be General Staff for all the purposes of these Rules.
- (i) In addition to any sum payable under paragraph (f) of this Rule Air Cabin Crew not subject to the Rules of Air Cabin Crew Option to Part V who have not elected to transfer to Part VI as General Staff shall upon transferring to Part VI as Air Cabin Crew pay to the Scheme by way of arrears such additional sums as they would have paid had they transferred to Air Cabin Crew Option to Part V on 31 May 1972 and continued membership thereof until 31 March 1974 or their date of retirement if earlier.
- (j) If a Member undertakes to make payments to the Management Trustees pursuant to paragraphs (f) (g) or (i) of this Rule he may if he so wishes with the consent of the Management Trustees and subject to the provisions of Rule 31 discharge his obligation by making additional annual contributions of such amount as the Actuary shall determine or by making payment by instalments over such period as the Management Trustees may determine or by a combination of annual contributions and lump sum payments PROVIDED ALWAYS that if at the date such Member leaves the service of his last Employer any such instalments remain unpaid the Member shall commute such part of his pension under the provisions of Rule 14 as is required to discharge the outstanding amount and the lump sum shall forthwith be paid to the Management Trustees.
- (k) Members of Part I, Part IV or Part V who transfer to Part VI shall continue to pay contributions in accordance with the Rules of the Part from which they are transferring until 31 March 1974 and thereafter at the rate provided for in Part VI.
- (l) Members who transfer to Part VI from Part I, Part IV or Part V may by notice to the Secretary given either on or before reaching Normal Retirement Age or after reaching Normal Retirement Age but before 1 January 1985 (but in this latter case such notice will be effective only if they are still Members on said 1 January 1985) elect to crystallise their pension entitlement at Normal Retirement Age (or as the case may be at 1 January 1985) and the amount so determined (hereinafter referred to as the basic pension) shall be subject to actuarial adjustment as if the relevant Rules of Part I, Part IV or Part V were incorporated herein in which event the following provisions shall apply -
  - (i) the Member shall be relieved of any further obligation to make contributions to Part VI;
  - (ii) any further years of service under Part VI shall not count for pension purposes;

- (iii) subject to Rule 34(d) any adjustment of pension under the provisions of Rule 15 shall be calculated by reference to the basic pension only and any actuarial increase shall be disregarded for the purposes of Rule 15; and
- (iv) the election referred to above shall be final and irrevocable

PROVIDED THAT no election under this Rule 20(l) may be made after 30 November 1989.

- (m) If on commencing to receive a pension under Part VI a Pensioner who had transferred from Part I, Part IV or Part V is unmarried and has been unmarried from 19 June 1963 until the commencement of his pension he may by notice to the Secretary elect to receive a sum equivalent either to his specified contributions under Part V or to the amount paid by him pursuant to the Proviso to Rule 20(f) plus in either case a sum equivalent to 1.5% of his pay for contribution purposes during each year of service in Part VI together with compound interest thereon but if he does so elect the provisions of Rule 10 shall not apply in his case PROVIDED HOWEVER that no such election may be exercised by any Pensioner who ceased to be employed by his last Employer after 5 April 1978.
- (n) Upon transfer to Part VI a Member to whom Rule 16(a) of Part V or the corresponding provisions of other Parts applied at date of transfer may by notice to the Secretary elect in lieu to have Rule 17 hereof apply to his service in different categories. If he does not so elect the provisions of the said Rule 16(a) or the corresponding provisions of other Parts (as the case may be) shall continue to apply to him mutatis mutandis.
- (o) If any Member who immediately prior to the date of his admission to Part VI was a Member of Part I or being General Staff was a Member of Part IV or of Part V has contributed (or had contributions paid in respect of him) to the Scheme or to any other pension scheme of an Employer or of a Predecessor of an Employer (as defined in the Rules of Part V) for less than his total period of service with an Employer or Predecessor of an Employer (as so defined) since attaining the age of 20 years or has contributed to such pension scheme for part of such service at half the normal rate of contributions such Member may pay contributions in respect of the period of service for which he has not previously contributed or had contributed at half rate by making at any time before his pension commences a single lump sum payment to the Scheme equal to 5% of his Pay for contribution purposes at the rate or rates appropriate to the time at which such Member was not paying contributions or equal to 2.5% of his Pay for contribution purposes at the rate or rates appropriate to the time at which such Member was paying contributions at half rate together with interest in either case at the rate of 3.5% compounded annually. Any Member who gives written notice to the Secretary of his desire to pay contributions in respect of service for which he has not previously contributed or for which he has previously contributed at half the normal rate may in such notice and subject to his giving details thereof satisfactory to the Management Trustees elect to

have any break in employment of less than 12 months duration and specified in the notice treated as not breaking his service continuity but in no case shall any such break itself be included in any calculation of service or of contributory service. In any such case the Member shall pay the sum that thereby becomes payable in a single lump sum within three months after the date of the notice failing which the aforesaid election shall be void

20A. **Special conditions - Cambrian Northeast and subsidiaries**

- (a) In relation to a person who elects to purchase past service in his notice of intention to join the Scheme under Rule 3(f) "Contributory Service" shall be deemed to commence from the first day of the month not being earlier than April 1973 selected by such person in such notice PROVIDED HOWEVER that the election of a member of an existing scheme (as defined in the Schedule to the Amending Trust Deed of 7 December 1972 such member being hereinafter in this Rule referred to as an "**existing scheme member**") to purchase past service shall be deemed to be an election to purchase past service with effect from 1 April 1973 and to constitute an undertaking by such existing scheme member to surrender his full interest in his existing scheme to the Management Trustees and upon such surrender the provisions of Clause 25A of the Trust Deed shall apply in relation to such existing scheme member as if such provisions had been in effect and as if such surrender had been effected on the said 1 April 1973.
- (b) The further contributions for which a Member who elects to purchase past service under paragraph (a) of this Rule shall become liable shall be contributions at the relevant rates stated in Rule 5 for Service equal to the length of past service elected for purchase by such Member based upon a Pay for contribution purposes throughout such Service at the rate applicable to such Member on 1 May 1975 less however in the case of an existing scheme member the amount of contributions actually paid by such existing scheme member for the period from 1 April 1973 to 31 October 1975 to or in respect of such existing scheme such further contributions to be paid by equal monthly or weekly (as applicable) instalments over the period from 1 November 1975 to the Normal Retirement Age of the Member PROVIDED HOWEVER that -
  - (i) any instalments remaining unpaid at the date of the Member ceasing for any reason to be a Member shall thereupon become immediately due and shall forthwith be paid to the Management Trustees;
  - (ii) if at the date such Member leaves the service of his last employer any such instalments remain unpaid the Member shall commute such part of his pension under the provisions of Rule 14 as is required to discharge the outstanding amount and the lump sum shall forthwith be paid to the Management Trustees;
  - (iii) there shall be set off against any refund under Rule 16 or any death

benefit due for payment under Rule 19 the amount of any such instalments remaining to be paid.

- (c) An existing scheme member who elects or is deemed to have elected to purchase past service with effect from 1 April 1973 may also elect in his said notice of intention to join the Scheme to purchase further past service equal to the excess of his pensionable service prior to the said 1 April 1973 under his existing scheme over the length of added Contributory Service he will become entitled to upon surrender of his interest in such existing scheme by virtue of paragraph (a) of this Rule and in the event of his exercising such election the additional contribution required to effect this further purchase shall be determined by the Actuary and shall be payable to the Management Trustees in one lump prior to 1 November 1975 and the Contributory Service of such existing scheme member shall with effect from the said 1 November 1975 be adjusted appropriately.

**20B Special Conditions for Part-Time Service and Members in irregular Service**

- (a) Subject to the provisions of Rule 33 (Guaranteed Minimum Pensions) and to Clause 32 of the Trust Deed (Statutory Requirements) but otherwise notwithstanding any other provision of the Rules, the following special provisions shall apply in respect of any Member who has been in Part-time Service for any period or periods during his last or only period of Service for the purposes of calculating the pension benefits appropriate to and in respect of him under the Scheme and for such purposes only -

- (i) for the purposes of this Rule 20B "Part-time Factor" means in relation to any week or month as the case may require of Part-time Service the fraction

$$\frac{A}{B}$$

where -

A = the number of hours of service contracted to be worked by the employee for such week or month (as the case may be); and

B = the number of hours of service contracted to be worked for the same week or month (as the case may be) by a full-time employee in the same occupational category and grade of employment

- (ii) when making any calculation which takes account of a period of Contributory Service which is Part-time Service, and Contributory Service will first be converted into a full-time equivalent by multiplying the length of the period of Part-time Service by the Part-time Factor appropriate to such period
    - (iii) when making any calculation by reference to Pay for pension purposes which is attributable to Part-time Service, that pay will

first be converted into a full-time equivalent by dividing the amount of such pay by the Part-time Factor in respect of each period of 12 months included in the calculation of Retiring Pay (but for the purposes of benefits on death under Rule 19, the relevant calculation shall be made by reference to the Member's actual annual pay as an employee in Part-time Service)

- (iv) it shall be assumed that the Member's basic contractual hours of work per week would have remained the same as they were on the date of death until Normal Retirement Age for the purpose of calculating any spouse's or Surviving Civil Partner's pension or Dependent Child's allowance payable on death in Service under Rules 10(b) and 11(b) and any ill-health pension payable under Rule 12 and references in those Rules to "potential years of Service" will be replaced by "potential years of Contributory Service"
  - (v) the Management Trustees shall have power to determine any matter relating to Part-time Service which is not provided for in this Rule 20B and to determine, resolve or remove any doubt, inconsistency or anomaly arising out of this Rule or arising generally out of the inclusion of part-time employees in the Scheme.
- (b) Where a Member is employed in a category of employment for which specific provision is not otherwise made under the Rules, the Employer may notify the Management Trustees in writing that it wishes benefits provision to be made under the Scheme for or in respect of all or any such Members. Benefits provision may be so made on such terms and subject to such conditions as the Management Trustees may agree with the Employer but subject always to the payment to the Fund of such sum or sums (whether by way of additional contributions under Rule 5(b) or otherwise) as may be advised by the Actuary to be necessary.

**20C. Special Rule - Members withdrawing between 5 April 1978 and 6 April 1980**

- (a) Notwithstanding anything to the contrary herein contained a Member who satisfies each of the following conditions, namely -
  - (i) he ceased to be employed by his last Employer before reaching Normal Retirement Age and before 6 April 1980;
  - (ii) his pay has not exceeded £5,000 in any one year;
  - (iii) he has accrued five or more years Qualifying Service;
  - (iv) he elects not to receive a deferred pension under Rule 13(a); and
  - (v) he has not become entitled to an immediate (ill-health) pension under Rule 12

shall subject to Rule 31 (except that paragraph (c) thereof shall apply in place of paragraph (b)) be entitled to a return of his own contributions in respect of his Contributory Service prior to 6 April 1978 with compound interest up to and including 5 April 1978 and in addition such Member shall be entitled to receive a deferred pension commencing at Normal Retirement Age calculated in accordance with the provisions of Rule 13(a) but on the basis that his Contributory Service had commenced on 6 April 1978 (except however for the purpose of determining the Member's retiring pay) and such deferred pension shall for the purpose of these Rules (other than the foregoing sub-paragraph (iv) of this paragraph) be treated as if it were a deferred pension under Rule 13.

- (b) Notwithstanding anything to the contrary herein contained a Member ceasing to be employed by his last Employer before reaching Normal Retirement Age and before 6 April 1980 who has accrued less than five years Qualifying Service shall not be entitled to a refund of his contributions under Rule 16(a) if his pay has exceeded £5,000 in any one year but in lieu thereof he shall be entitled to a deferred pension commencing at Normal Retirement Age calculated in accordance with the provisions of Rule 13(a) and such deferred pension shall for the purpose of these Rules be treated as if it were a deferred pension under Rule 13.
- (c) Where a former Member who has elected to take a deferred pension under Rule 13(a) but who had otherwise been entitled to a return of contributions under paragraph (a) above wishes at a subsequent date but before his pension has commenced to receive a return of his contributions in respect of his Contributory Service prior to 6 April 1978 in lieu of deferred pension relative to such service the Management Trustees may at their discretion after considering the reasons for such request and subject to Rule 31 (except that paragraph (c) thereof shall apply in place of paragraph (b)) grant a repayment of the former Member's contributions in respect of his Contributory Service prior to 6 April 1978 with compound interest up to and including the 5 April 1978 and the said former Member shall then be entitled to receive a deferred pension under the provisions of paragraph (a) hereof.

**21. Notices to the Secretary**

Notices to the Secretary shall be in writing signed by the Member and shall be in such form as the Management Trustees may from time to time prescribe. Any such notice if sent by post shall be deemed to have reached the Secretary on the date when in due course of post it should have been received.

**22. Application of lump sum death benefit**

- (a) Any lump sum benefit becoming payable under Rule 19 may within a period of 24 months after the Management Trustees knew (or, if earlier, could reasonably be expected to have known) of the death of the Member or Pensioner, be paid or applied by the Management Trustees to or for the benefit of any one or more of a class consisting of -

- (i) the Member's or Pensioner's children, grandchildren, parents and grandparents, the descendants of any such persons and the spouses, ~~or~~ former spouses, Surviving Civil Partners or former Civil Partners of any such persons or descendants;
  - (ii) a widow or widower or former spouse of the Member or Pensioner, the children, grandchildren, parents and grandparents of that widow, widower or former spouse, the descendants of any such persons and the spouses, former spouses, Surviving Civil Partners or former Civil Partners of any such persons or descendants;
  - (iii) any individual who is or was, in the opinion of the Management Trustees, at the date of the Member's or Pensioner's death either financially dependent on the Member or Pensioner or financially interdependent with the Member or Pensioner;
  - (iv) any individual or individuals, charity, society or club nominated by the Member or Pensioner by notice in writing addressed to or received by the Management Trustees during the Member's or Pensioner's lifetime;
  - (v) the Member's or Pensioner's legal personal representatives; and
  - (vi) a Surviving Civil Partner or former Civil Partner of the Member or Pensioner, the children, grandchildren, parents and grandparents of that Surviving Civil Partner or former Civil Partner, the descendants of any such persons and the spouses, former spouses, Surviving Civil Partners or former Civil Partners of any such persons or descendants.
- (b) Any part of such lump sum benefit which remains unpaid or unapplied under Rule 22(a) 24 months after the Management Trustees knew (or, if earlier, could reasonably be expected to have known) of the death of the Member or Pensioner shall be paid to the Member's or Pensioner's legal personal representatives except that, if such payment would result in the Crown, the Duchy of Lancaster, the Duke of Cornwall or any other state or governmental agency becoming entitled to that part of the lump sum benefit, it shall cease to be payable as a benefit and shall remain part of the Fund.
- (c) Any notice under Rule 22(a)(iv) shall be in writing in a form prescribed by the Management Trustees.
- (d) The Management Trustees shall have power to delegate such of their powers duties and discretions under this Rule as they may think fit from time to time to any person or persons or body of persons and such delegation shall be subject to any conditions consistent with this Rule which the Management Trustees may think fit to impose.
- (e) Any nomination made by a Member or Pensioner in force on 31 March 1987 shall no longer be binding on the Management Trustees.

**22A. Benefits non-assignable**

Neither pensions nor other benefits under the Scheme may be assigned or borrowed against and any purported assignment thereof or charge thereon (whether made before or after the Member or Pensioner in respect of whom the same are payable became a Member) shall not be recognised by the Management Trustees and in the event of any such purported assignment or charge or if the beneficiary (being the Member or Pensioner or other person otherwise, but for this Rule, entitled to the pension or benefit) shall at any time (whether before or after the Member or Pensioner in respect of whom the same is payable became a Member) have been adjudicated bankrupt or have made a composition with creditors in the case of bankruptcy the pension or other benefit to which the Member or Pensioner or other person would otherwise, but for this Rule, be entitled shall automatically be forfeited and in any other case the Management Trustees shall be at liberty to determine that the pension or other benefit shall be treated as forfeited in whole or in part but may in any such case (including bankruptcy) apply the same on a discretionary basis in whole or in part, for the benefit of any one or more of the following persons, viz. the beneficiary, the spouse, Civil Partner, Surviving Civil Partner, widow or widower of the beneficiary, any child of the beneficiary and any person who is or was immediately before the death of the beneficiary in any way dependent on the beneficiary. The provisions of this Rule shall not, however, operate to prevent the Management Trustees from complying with any order requiring re-direction of all or part of any pension or other benefit made by a United Kingdom court which the Management Trustees are reasonably satisfied has relevant jurisdiction (whether for the purposes of the Attachment of Earnings Act 1971 or otherwise) in connection with such order. Any other provisions under the Deed or Rules governing the provision of pensions or other benefits under the Scheme shall be read and construed subject to the provisions of this Rule 22A PROVIDED THAT this Rule 22A shall not operate to cause the forfeiture of any entitlement under Rule 33 and the assignment of such an entitlement shall be permitted in the circumstances referred to in section 159(2) of the Pension Schemes Act 1993.

**23. No Member to retire from the Scheme**

Save as provided by these Rules no Member shall have the right to retire from the Scheme or cease contributing to the Fund.

**24. Requirements of insurers**

The Member shall comply with the reasonable requirements of any of the Insurers if any with whom the Management Trustees maintain or effect policies.

**25. Meetings of Members**

- (a) A meeting of the Members may be convened or a postal ballot taken by the Management Trustees and shall be convened or taken by them on requisition in writing by an Employer or by any 50 Members.

- (b) A meeting of the Members and Pensioners may be convened or a postal ballot taken by the Management Trustees and shall be convened or taken by them on requisition in writing by an Employer or by any 100 Pensioners and Members.
- (c) Not less than 35 clear days' notice of the time and place of a meeting to be convened pursuant to paragraphs (a) or (b) of this Rule or of a postal ballot to be taken pursuant to paragraphs (a) and (b) of this Rule and of the general nature of the business to be dealt with shall be given to the persons entitled to vote at such meeting or in such ballot by serving the same on them, such service to be effected, in the case of Members, through British Airways plc's usual communication channels and so that all notices so communicated shall be deemed to be served on the day following such posting **PROVIDED NEVERTHELESS** as follows:
  - (i) The persons entitled to receive notice of a meeting or a postal ballot and to vote shall, in the case of a meeting to be convened or ballot to be taken pursuant to paragraph (a) of this Rule, be Members and, in the case of a meeting to be convened or ballot to be taken pursuant to paragraph (b) of this Rule, be Members and Pensioners. A Member may appoint any other Member, and a Pensioner may appoint any other Pensioner, as proxy to vote for him in which case on a poll the Member or Pensioner so appointed shall have one vote for himself and one vote for every Member or Pensioner for whom he acts as proxy.
  - (ii) Subject as aforesaid, the Management Trustees may prescribe the procedure to be adopted as to the service of notices and in connection with any such meeting or postal or written ballot, including power to make provision for the chairmanship of meetings and for the form and method of voting by proxy and for the taking of a poll and for delivery and counting of postal ballot papers outside the United Kingdom and the acceptance of cabled results of such count, and so that the accidental omission to serve by posting or otherwise a notice of meeting or of a resolution for determination by postal or written ballot, or the non-receipt thereof by a Member or Pensioner shall not affect the validity of the proceedings in accordance with which the voting is taken. The accidental inclusion or omission of a Member's or a Pensioner's name in the voting list in a ballot shall not invalidate the ballot.
  - (iii) A minute signed by the Chairman of any meeting or a memorandum signed by the persons appointed to count the ballot papers as to the result of any postal ballot shall unless the contrary is proved be accepted as sufficient evidence that the meeting was duly convened and held and of the result of the meeting or of the result of the ballot as the case may be and the Employers and the Management Trustees and the Custodian Trustees and others acting thereon in good faith shall be protected.
- (d) A meeting of such of the Members as are in one of the occupational

categories referred to in Clause 12(a) of the Trust Deed or a postal ballot of such Members may be taken subject to and in accordance with the provisions of paragraphs (a) and (c) of this Rule mutatis mutandis.

- (e) For the purposes of this Rule the term "Pensioners" shall mean any person who is in receipt of a pension from the Scheme (pursuant to any Part of the Schedule) other than any person whose entitlement under the Scheme is to benefit in respect of equivalent pension benefits as referred to in section 13(6) of the Pension Schemes Act 1993.

**26. Taxation**

In every case where the Management Trustees or the Custodian Trustees are liable to account to the Commissioners of HM Revenue & Customs for income tax, the lifetime allowance charge or estate duty or any other tax or duty in respect of any amounts paid to any Member or other person pursuant to these Rules the amount of such tax or duty shall be recoverable by the Management Trustees or the Custodian Trustees from such Member or from such other person either by way of deduction from the payment to the Member or such other person or in such other way as the Management Trustees deem appropriate.

**27. Savings**

- (a) Nothing contained in the Trust Deed or in the Rules shall be construed as limiting the functions of the National Joint Council for Civil Air Transport in the negotiations of the wages and conditions of employment of persons employed by an Employer.
- (b) Nothing in the Trust Deed or in the Rules shall in any way restrict the right of an Employer to determine the employment of a Member.

**28. Transfers to and from other schemes**

Rule deleted by Deed dated 4 December 1991 with effect from 6 April 1988.

**29. Availability of copies of Trust Deed and Rules**

Each Member shall be entitled upon request to receive one copy of the annual report and accounts and balance sheet of the Fund, the auditors' report thereon and the actuaries' valuation report. Each Member shall also be entitled upon request to receive one copy of the Trust Deed and the Rules and of all amendments thereto. Additional copies shall be made available on such terms as the Management Trustees decide.

**30. Amendments and additions to Rules**

These Rules may be amended or added to in accordance with the provisions of the Trust Deed.

31. **National Insurance Act 1965**

- (a) The amount of pension payable to a Member from and after attainment of the age of 65 years in the case of men and of sixty years in the case of women shall in no event be less than the maximum graduated pension that would be payable in accordance with the provisions of the National Insurance Act 1965 for a period of service corresponding to the actual period of service of the Member after 1 April 1961 any provisions of these Rules to the contrary notwithstanding.
- (b) If any Member of the Scheme who is entitled under the Rules of the Scheme to receive if the Member so elects a deferred pension or withdrawal from the Scheme before Normal Retirement Age nevertheless elects in lieu of such deferred pension to receive a refund of the Member's own contributions with interest thereon there shall be deducted from such refund the amount which bears to the amount of the refund the same proportionate relationship as the amount of the maximum graduated pension that would be payable in accordance with the provisions of the National Insurance Act 1965 for a period of service corresponding to the actual period of service of the Member after 1 April 1961 bears to the amount of the deferred pension to which the Member would otherwise have been entitled on withdrawal from the Scheme PROVIDED ALWAYS that the amount to be deducted shall not exceed the maximum permissible deduction under the provisions of the National Insurance Act 1965.
- (c) In all cases other than those referred to in paragraph (b) of this Rule there shall be deducted from any refund of a Member's contributions with interest one half of such sum as is equal in amount to the payment in lieu of contributions in respect of such Member contemplated in the provisions of the National Insurance Act 1965. The foregoing provisions to this paragraph shall not limit or restrict the Employer's right instead of making a payment in lieu of contributions in respect of the Member to make any of the other arrangements contemplated in the National Insurance Act 1965 in the case of the withdrawal of a Member from the Scheme or any other arrangements approved by the Registrar of Non-Participating Employments.
- (d) The Management Trustees shall if so requested by an Employer make arrangements to pay out of the Fund to a Member who has withdrawn from the Scheme before Normal Retirement Age a pension payable from and after attainment of the age of 65 years in the case of men and of 60 years in the case of women of an amount equal to the maximum graduated pension that would be payable in accordance with the provisions of the National Insurance Act 1965 for a period of service corresponding to the actual period of service of the Member after 1 April 1961 PROVIDED ALWAYS that the provisions of Rule 15 of Part I, Rule 9 of Part II, Rule 8 of Part III and Rule 17 of Part IV including both Part IV Rules - Pilots' Option A and Part IV Rules - Pilots' Option B shall not apply to any such pension.

- (e) No action shall be taken pursuant to any of the Rules of the Scheme if and to the extent that the result of such action would be to reduce the amount of pension payable to or secured for the Member from and after attainment of the age of 65 years in the case of men and of 60 years in the case of women to less than the maximum graduated pension that could be earned in accordance with the provisions of the National Insurance Act 1965 for a period of service corresponding to the actual period of service of the Member.
- (f) For the purposes of this Rule the expression “**actual period of service**” shall include any period of service after 1 April 1961 in a non-participating employment within the meaning of the National Insurance Act 1965 in respect of which a transfer value has been received pursuant to Clause 25 of the Trust Deed.
- (g) Any reference in this Rule to the National Insurance Act 1965 shall be construed as a reference to that Act subject to any statutory modification or re-enactment thereof for the time being in force and shall include a reference to any orders or regulations made thereunder.
- (h) A person entitled to a pension by virtue of paragraph (d) of this Rule shall not be a Pensioner within the definition in Rule 1. All pensions payable under the said paragraph (d) shall be liable to termination and suspension for any of the causes specified in Regulations made pursuant to the provisions of the National Insurance Act 1965 or any statutory amendment or re-enactment thereof for the time being in force and shall not be subject to adjustment pursuant to Rule 15.
- (i) Any pension payable under paragraph (d) of this Rule may be commuted at, or after, the age of 50 years PROVIDED that the only pension to which the former Member is entitled under the Scheme is that which is payable under paragraph (d) of this Rule, by:
  - (a) the former Member so requesting by giving at least three months’ Notice to the Secretary, or such shorter notice period as the Management Trustees may agree from time to time; or
  - (b) the Management Trustees sending to the Member’s last known address written notice of their intention to commute his pension and no response being received from the Member before the end of the period of two months beginning with the date on which the notice was sent.

The amount of such lump sum shall be determined by multiplying the annual amount of such pension (reduced, if relevant, to take account of early payment) by such factors as may be determined by the Actuary from time to time.

### 32. **Additional voluntary contributions**

A member may make additional voluntary contributions in accordance with

Clauses 26-31 of the Trust Deed.

32A **Reference scheme requirements**

(a) In this Rule the following expressions have the following meanings -

**“Average Qualifying Earnings”** in relation to a Member or Pensioner means the annual average of such Member’s or Pensioner’s Qualifying Earnings in the period of two years immediately preceding the date of termination of Contributory Service which was contracted-out employment under the Scheme;

**“Qualifying Earnings”** in relation to a period during which a Member or Pensioner has been in receipt of earnings from an Employer means PAYE earnings in excess of the qualifying earnings factor as defined in section 122(1) of the Social Security Contributions and Benefits Act 1992 applicable from time to time during that period but only to the extent that such earnings do not exceed the Upper Earnings Limit applicable at each relevant time during that period;

**“Upper Earnings Limit”** in relation to a period during which a Member or Pensioner has been in receipt of earnings from an Employer means the amount specified by regulations made by virtue of section 5(3) of the Social Security Contributions and Benefits Act 1992 as the upper earnings limit for Class 1 contributions applicable from time to time in relation to that period.

(b) The provisions of this Rule shall apply for so long as (and only for so long as) the Scheme is to be treated as contracted-out in relation to an earner’s employment under this Part VI after 5 April 1997 for the purposes of section 9 of the Pension Schemes Act 1993 on the basis of satisfying the requirements for a reference scheme as set out in section 12B of that Act. For so long as the Rule does apply, it shall override any other provisions of the Rules, but only to the extent (if any) to which such provisions are inconsistent with the provisions of this Rule. In particular:

(i) any pension provided under this Rule may be offset against any other pension payable to the same person under other provisions of the Rules which is attributable to Contributory Service after 5 April 1997 except to the extent that such other pension is attributable to payment of contributions to the AVC Scheme (as defined in Clause 26 of the Trust Deed) or to the exercise of a Member’s option under Rule 9 to provide for a pension for his or her surviving spouse; and

(ii) no pension payable under this Rule shall affect the entitlements of Dependent Children or of any other persons to benefits under the Scheme other than the widows or widowers referred to below.

(c) The provisions of this Rule shall apply to the widow or widower of a Member or Pensioner who has been a Lower Rate Contributor during any

period after 5 April 1997 so as otherwise to exclude the accrual of pension benefit in respect of the person's prospective widow or widower in relation to any such period.

- (d) Unless the Management Trustees agree otherwise either generally or in any particular case, no such widow's or widower's pensions shall be payable in the circumstances prescribed by regulation 26 of the Occupational Pension Schemes (Contracting-out) Regulations 1996 (or by any other statutory provision) as being circumstances in which widows' or widowers' pensions need not be payable for the purposes of satisfying the requirements for a reference scheme.
- (e) The widow or widower of a Member to whom this Rule applies shall be entitled to a pension of an annual rate equal to 1/180th of that Member's Average Qualifying Earnings multiplied by the number of years of contributory service (additional completed months and odd days counting proportionately) which is contracted-out employment under the Scheme for the purposes of the Pension Schemes Act 1993 completed after 5 April 1997 PROVIDED THAT the period to be taken into account for this purpose shall be restricted so that the pension so calculated will not exceed one-quarter of such Average Qualifying Earnings.
- (f) The widow or widower of a Pensioner to whom this Rule applies shall be entitled to a pension calculated as in (e) above and subject to the same proviso, but increased on a basis at least as favourable as a basis under which increases would be effected both in accordance with the requirements of Chapter II of Part IV of the Pension Schemes Act 1993 in respect of any period during which the Pensioner's pension was deferred, and also in line with any increases granted to the Pensioner's pension under Rule 15 in respect of the period between the date of commencement of the Pensioner's pension and the date of the Pensioner's death.
- (g) Any pension under this Rule shall be payable from the date of the death of the Member or (as the case may be) the Pensioner and for the avoidance of doubt shall be subject to increase from time to time in accordance with the provisions of Rule 15.
- (h) This Rule 32A shall apply in respect of a Surviving Civil Partner as if the words "Surviving Civil Partner" were substituted, on each occasion, for the words "surviving spouse" and "widow or widower" and all related terms shall be construed accordingly.

### 33. **Guaranteed minimum pensions**

33.1 In this Rule,

- (1) the expressions "**Accrued Rights**", "**Contracted-Out Scheme**", "**Contributions Equivalent Premium**", "**Guaranteed Minimum**", "**Guaranteed Minimum Pension**" and "**Tax Year**" have the meanings conferred or adopted by the Pensions Schemes Act 1993.

- (2) **“Appropriate Policy”** means a policy of insurance or an annuity contract which in either case is appropriate for the purposes of section 19 of the Pension Schemes Act 1993.
- (3) **“Contracted-Out Employment”** means contracted-out employment (within the meaning of the Pension Schemes Act 1993) by reference to the Scheme.
- (4) **“Contracted-Out Member”** means a Member who has a Guaranteed Minimum in relation to the pension for him under the Scheme in accordance with section 14 of the Pension Schemes Act 1993.
- (5) **“State Pensionable Age”** means age 65 (for men) and age 60 (for women).
- (6) **“Transfer Regulations”** means the Occupational Pension Schemes (Preservation of Benefit) Regulations 1991, the Contracting-Out (Transfer and Transfer Payment) Regulations 1996, and the Occupational Pension Schemes (Transfer Values) Regulations 1996 so far as they govern transfer of benefit relating to occupational pension schemes, personal pension schemes and buy-out policies.

33.2 The remaining provisions of this Rule apply if any employment becomes Contracted-Out Employment. They then override any other provisions of the Rules which are inconsistent with them except the Rule dealing with the National Insurance Act (1959 and 1965) but on the basis that earnings for any period of employment completed after 5 April 1997 shall not give rise to the attribution to or in respect of a Member of entitlement to a Guaranteed Minimum for the purposes of the Pension Schemes Act 1993.

- 33.3
- (1) Subject to Rule 33.6, a Contracted-Out Member shall be entitled from State Pensionable Age to a rate of pension equivalent to a weekly rate not less than the Guaranteed Minimum. If the commencement of his pension is postponed for any period his Guaranteed Minimum shall be increased to the extent, if any, specified in section 15 of the Pension Schemes Act 1993. His consent for any postponement must be obtained if either his current employment does not relate to the Scheme or the postponement continues more than five years from the date on which he attains State Pensionable Age. The Guaranteed Minimum Pension shall, insofar as it is attributable to earnings in the Tax Year 1988-89 and subsequent Tax Years, be increased in accordance with the requirements of section 109 of the Pension Schemes Act 1993.
  - (2) If the accrued pension under the Scheme of a Contracted-Out Member exceeds his Accrued Rights to Guaranteed Minimum Pension, in each case calculated at the date his Contracted-Out Employment ceased, and

- (i) he left Service or opted-out of active membership before Normal Retirement Age, his pension commences at Normal Retirement Age, and his Guaranteed Minimum is increased in accordance with Rule 33.5; or
- (ii) his Guaranteed Minimum is increased under paragraph (1) of this sub-Rule by virtue of its postponement for any period

then the weekly rate of the Member's pension under the Scheme from the date his Guaranteed Minimum Pension commences or (if later) the date the balance of his pension commences, shall not be less than the weekly rate of his accrued pension under the Scheme at the date his Contracted-Out Employment ceased, increased as described in (i) and (ii) above, and further increased by any increases made under Rule 15 of Part VI if applicable.

PROVIDED THAT for the purpose of the above calculation the effects of any exchange or surrender under the Rules shall be disregarded.

- 33.4
- (1) Subject to Rule 33.6, if a Contracted-Out Member dies at any time leaving a widow she shall be entitled to receive, inclusive of any pension otherwise payable to her under the Rules but exclusive of any pension payable to her by way of surrender and any pension attributable to payment of Voluntary Contributions, a pension equivalent to a weekly rate of not less than 50% of his Guaranteed Minimum. Such pension shall be payable for the widow's lifetime.
  - (2) Subject to Rule 33.6, if, on or after 6 April 1988, a female Contracted-Out Member dies leaving a widower or a Contracted-Out Member dies leaving a Surviving Civil Partner, the widower or Surviving Civil Partner as the case may be shall be entitled to receive, inclusive of any pension otherwise payable to him under the Rules but exclusive of any pension payable to him by way of surrender and any pension attributable to payment of Voluntary Contributions, a pension in circumstances and for the period prescribed under section 17(6) Pension Schemes Act 1993 equivalent to a weekly rate of not less than 50% of that part of the Guaranteed Minimum which is attributable to earnings for the Tax Year 1988-89 and subsequent Tax Years.
  - (3) The Guaranteed Minimum Pensions referred to in (1) and (2) above shall, insofar as they are attributable to earnings in the Tax Year 1988-89 and subsequent Tax Years, be increased in accordance with the requirements of section 109 of the Pension Schemes Act 1993 and to the extent of any orders made thereunder.

33.5 If any Member ceases to be in Contracted-Out Employment before State Pensionable Age the Guaranteed Minimum in respect of him at State Pensionable Age or at the date of his earlier death shall be equal to the

Guaranteed Minimum Pension which had accrued up to the date of cessation, increased in accordance with method (iii) below PROVIDED THAT -

- (A) the Management Trustees may, subject as set out below, from time to time change the method currently applying to such one of the other methods set out below as they shall decide and notify to HM Revenue Pensions Schemes Services; and
- (B) in relation to any amount of Guaranteed Minimum Pension liability for which has been transferred to the Scheme under Clause 25A of the Trust Deed, the Management Trustees may in circumstances permitted or required by the Transfer Regulations decide that such Guaranteed Minimum Pension shall be increased in accordance with any of methods (i), (ii) and (iii); and
- (C) if a transfer is made to some other retirement benefits scheme or personal pension scheme which accepts liability for the Member's Accrued Rights to a Guaranteed Minimum Pension or an Appropriate Policy is purchased in respect of such Accrued Rights, the terms on which such Accrued Rights will be subject to increase after the transfer shall be consistent with the requirements of the Transfer Regulations.

The following are the methods which may be applied -

- (i) in relation only to a period of Contracted-out Employment ceasing on or before 5 April 1997:
  - (1) by 5% compound for each complete Tax Year after that in which Contracted-Out Employment ceases up to and including the last complete Tax Year before State Pensionable Age or previous death; or
  - (2) by the percentage by which earnings factors for the Tax Year in which Contracted-Out Employment ceases are increased by the last order under section 148 of the Social Security Administration Act 1992 to come into force before the Tax Year in which he reaches State Pensionable Age or dies (if earlier),  
  
whichever makes the lesser increase;
- (ii) for each complete Tax Year after that in which Contracted-Out Employment ceases up to and including the last complete Tax Year before State Pensionable Age or previous death, by such rate as regulations, made under section 16(2) and (3) of the Pension Schemes Act 1993, specify as being relevant to the date of cessation; and
- (iii) by the percentage by which earnings factors for the Tax Year in

which Contracted-out Employment ceases are increased by the last order under section 148 of the Social Security Administration Act 1992 to come into force before the Tax Year in which he reaches State Pensionable Age or dies (if earlier).

33.6 Where a Contributions Equivalent Premium is paid in respect of a Member, and where any such premium is not paid but would be less than £17 (or such higher amount as may by regulation be prescribed), such Member's entitlement or such Member's spouse's or Civil Partner's contingent entitlement to a Guaranteed Minimum Pension shall be extinguished. The following additional provisions shall apply with regard to the payment of Contributions Equivalent Premiums -

- (i) where such a premium is paid in respect of a widow, widower or Surviving Civil Partner, such person's entitlement to a Guaranteed Minimum Pension shall be extinguished;
- (ii) any pension to which the Member is entitled under the Rules shall be reduced by an amount equal in value, as the Actuary advises, to the Guaranteed Minimum Pension that would have been provided for such Member if the Contributions Equivalent Premium had not been paid and if that Guaranteed Minimum Pension had been increased throughout in accordance with whichever of methods (i), (ii) or (iii) in Rule 33.5 was applicable when the Member ceased to be in Contracted-Out Employment. If on a Member's death such a premium is paid in respect of such Member's widow, widower or Surviving Civil Partner any pension becoming payable under the Rules shall be reduced by the amount of the Guaranteed Minimum Pension that would have been provided for such person if the premium had not been paid;
- (iii) the Management Trustees shall deduct from any refund of Contributions the Certified Amount; and
- (iv) where a transfer is made to another retirement benefits scheme the amount to be certified by the Management Trustees under Clause 25B of the Trust Deed as representing the Member's contributions shall be reduced by an amount decided by the Management Trustees not exceeding the Certified Amount.

33.7 A Contracted-Out Member may not exchange or surrender under the Rules so much of his pension that the amount remaining would be less than his Guaranteed Minimum.

- 33.8 (1) If a Contracted-Out Member becomes entitled under the Rules -
- (i) to a refund of all his contributions;
  - (ii) to have a transfer made to some other retirement benefits scheme or personal pension scheme to which a transfer of his Accrued Rights to a Guaranteed Minimum Pension is

not made; or

(iii) to one or more appropriate policies from an Approved Insurance Company which do not together comply with the conditions applicable to such Accrued Rights and if a Contributions Equivalent Premium is not paid in respect of the Member and if capable of being paid is not less than £17 (or such higher amount as may by regulation be prescribed), the Management Trustees shall provide for the Member a preserved pension commencing at State Pensionable Age at a rate equivalent to the weekly rate of the Guaranteed Minimum.

(2) Where the Management Trustees provide for a Member a preserved pension under this Rule 33.8 they shall, at the request of the Employer, deduct from any refund of contributions such amount as the Actuary advises is appropriate.

(3) Where the Management Trustees provide for a Member a preserved pension under the Rules and a transfer is made to another retirement benefits scheme the amount to be certified by the Management Trustees under Clause 25B of the Trust Deed as representing the Member's contributions shall be reduced by an amount decided by the Management Trustees.

33.9 Benefits payable to or in respect of a Member may be reduced by the Management Trustees to the extent that a Contributions Equivalent Premium has been paid in respect of that Member.

33.10 If the Scheme ceases to be a Contracted-Out Scheme (in circumstances where the Scheme is not discontinued in whole or in part) the Management Trustees shall make provision for the Accrued Rights to Guaranteed Minimum Pensions under the Scheme of any person and for the payment of Guaranteed Minimum Pensions under the Scheme in respect of any persons who have then become entitled to receive them in any of the following ways -

(i) under the Scheme;

(ii) by making a transfer to another Contracted-Out Scheme or to an appropriate personal pension scheme (which satisfies the requirements of or is prescribed under section 10 of the Pension Schemes Act 1993 and in respect of which an appropriate scheme certificate is currently in force) of those Accrued Rights to, or the liability for payment of, Guaranteed Minimum Pensions in accordance with Clause 25B of the Trust Deed;

(iii) by purchasing Appropriate Policies; or

(iv) by payment of Contributions Equivalent Premiums if these become payable under section 55 of the Pension Schemes Act 1993

and if such provision is made under (ii), (iii) or (iv) above in respect of any person, the benefits payable under the Scheme to or in respect of that person shall be reduced in such manner as the Actuary advises so that the aggregate benefits payable under the Pension Schemes Act 1993 and the Scheme are in respect of the period of Contracted-Out Employment as nearly as is practicable equal to those that would have been payable if the Scheme had not ceased to be a Contracted-Out Scheme.

33.11 Except as provided in the Pension Schemes Act 1993, no part of a Member's, widow's, widower's or Surviving Civil Partner's pension under the Scheme may be used to frank an increase in the Member's, widow's, widower's or Surviving Civil Partner's GMP under this Rule 33.

33.12 Nothing done under the Rule dealing with the National Insurance Acts (1959 and 1965) shall be taken into account for the purposes of this Rule.

#### 34. **Discretionary Benefits**

(a) The Employer may by notice in writing to the Management Trustees before 15 November 1989 specify that there shall be provided under the Scheme -

(i) increased or additional benefits to or in respect of any Member Pensioner or category of Member or Pensioner; and

(ii) benefits on different terms and conditions from usual for or in respect of any Member, Pensioner or category of Member or Pensioner; and

(iii) benefits under the Scheme in respect of any employee or former employee of the Employer or category thereof (other than Members or Pensioners)

and the Management Trustees shall thereupon provide the same accordingly (subject to the payment to the Fund by the Employer of such sum or sums if any as may be advised by the Actuary to be necessary)

(b) Any benefits provided under (a) above shall not qualify for commutation under Rule 14.

(c) Any benefits provided under (a) above shall not be reckonable for the purpose of calculating any Spouse's Pension, Surviving Civil Partner's pension or Dependent Child's allowance.

(d) Where a Member has crystallised his pension entitlement under Rule 20(1) the Employer may (in its absolute discretion) specify whether or not any benefits provided under (a) shall be subject to the provisions of Rule 15.

### 35. **Opting-out**

- (a) A Member may elect, while remaining in Service, that he will cease to be a Member. On making this election, he will cease to pay contributions to the Scheme and will be entitled to benefits under Rule 13 as if he had left Service (except that Rule 13(b) shall not apply to him while he remains in Service, unless the Management Trustees otherwise agree).
- (b) A Member who wishes to exercise the option under Rule 35(a) must give the Management Trustees at least one month's notice in writing. The option will then take effect at the start of the calendar month next following the month in which the notice expires.
- (c) In order to become eligible to elect for a transfer to be made or for payment of benefits to commence on or after Normal Retirement Age in the circumstances described in paragraphs (i) and (ii) of Rule 8A, a Member who remains in Service with an Employer after Normal Retirement Age may elect, while remaining in such Service, to cease to be a Member, subject to the following terms and conditions:-
  - (i) The notice requirement for such election shall be as described in paragraph (iii) of Rule 8A (unless the Management Trustees in any particular case permit a shorter period of notice for the purposes effecting the opt-out), with the date of cessation of membership for all the purposes of the Scheme (including the provision of death benefits under Rule 19) being the date of expiry of the relevant notice period, and the calculation of the benefits applicable being as described in paragraphs (ii) and (iii) below.
  - (ii) Where such a Member has already ceased payment of contributions (including Notional Contributions) under Rule 5, the benefits to which the transfer relates (where paragraph (i) of Rule 8A applies) or the benefits which will come into payment (where paragraph (ii) of Rule 8A applies) will be determined by reference to paragraph (iv) of Rule 5 (e), so that in the case of a transfer its value shall be determined by the Actuary by reference to the value of benefits which would have come into payment under that paragraph at the relevant date selected by the Management Trustees for calculation of the transfer value.
  - (iii) Where a Member has not already ceased payment of contributions (including Notional Contributions) under Rule 5, the benefits to which the transfer relates, or the benefits which will come into payment, will be determined by reference to the benefits which would have become payable if the Member had retired from Service as described in Rule 8(a) on the date of expiry of the relevant notice of election under paragraph (iii) of Rule 8A, so that the benefits which will come into payment (where the Member so elects) will be the actuarial equivalent of the benefits which would otherwise have come into payment at that date, and so that in the case of a transfer its value shall be determined by the Actuary by

reference to the value of the benefits which would otherwise have come into payment (if the Member had so elected) at the relevant date selected by the Management Trustees for calculation of the transfer value.

- (d) A Member exercising the option under this Rule will not be permitted to become a Member of any Part of the Scheme again.